



Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

'Excerpts' of Speeches at World Order Symposium

HK2107025091 Beijing SHIJIE ZHISHI in Chinese
No 12, 16 Jun 91 pp 2-9

[“Excerpts” from speeches at experts’ symposium on new international order under the general heading “Safeguard World Peace, Promote Common Development”]

[Text] Editor’s note. Recently, China’s Institute of International Studies invited and summoned more than 40 experts and scholars from relevant research organs to a symposium on the new international order. Qian Qichen, state councillor and foreign minister, made a speech at the symposium. With the consent of the organizer of the symposium, we hereby offer to our readers excerpts of the speeches delivered there.

The new international political and economic order established with the five principles of peaceful coexistence as the norm is a notion put forward by Comrade Deng Xiaoping to the leaders of some foreign countries as early as 1988. The world is currently in a period of transition from the old structure to a new one, and the situation is turbulent. Therefore, establishing a new international order has become an ever more urgent issue that captures the attention of the entire international community.

A just and rational new international order should conform to the common interests and aspirations of all countries in the world and contribute to the current trend of peace and development. The five principles of peaceful coexistence are completely in line with this basic requirement. Since they were first proposed, they have stood the test of time and become a universally accepted norm of international relations. They reflect the essential features of the new type of international relations and can be accepted by all countries in the world despite differences in social system and level of development. They tally with the spirit and principles of the UN Charter and are compatible with, and complementary to, other norms of international relations. They are not only precise and concise but also systematic and complete, and form an appropriate basis for establishing a norm for the new international order.

To establish a new international order, efforts from all countries are needed. We would like to devote a special column to this issue and welcome scholars from various circles to express their opinions actively. [end editor’s note]

Yu Sui [0205 6706], special researcher with the Institute of International Studies: Conforming to the Requirement of Our Times

The international situation has gone through some tremendous changes in recent years. The replacement of the old world structure by the new one has caused a major readjustment of international relations, including East-West and North-South relations. Such a readjustment has in turn

prompted every sovereign country to consider how to obtain a just and rational position for itself in the changing international relations. Thereupon, the question of establishing a new international order has naturally been highlighted as an object of immediate attention.

The tentative proposal made by Comrade Deng Xiaoping in September 1988 to establish a new international political order, and the recent detailed elaborations by the leaders of our country on various occasions on this proposal, indicate the serious and clear-cut attitude of a socialist power toward the changes in the times, structure, situation, and international relations.

The “Sino-Soviet Joint Communiqué” published when Comrade Jiang Zemin was visiting the Soviet Union this May emphatically points out that the new international order should be established on the basis of the general principle, i.e., the five principles of peaceful coexistence, for country-to-country contacts.

I think that the reason the five principles of peaceful coexistence should and can become the basis of a new international order is that they are characterized by the following features: (1) Their scientific nature. They summarize the most important basic principles of international law, such as respect for sovereignty and noninterference in each other’s internal affairs; conform to the spirit and relevant principles of the UN Charter; reflect the most essential characteristics of a new type of international relations; and are a concise yet relatively complete system. (2) Their compatibility. Fundamentally speaking, some principles that are often dealt with in contemporary international relations, such as opposing hegemonism and power politics, opposing territorial expansionism and racial segregation systems, nonuse of arms or armed threats in disputes, and opposing export of revolution or counterrevolution, as well as the freedom of choice, balance of interests, and ideology-free international relations frequently advocated by the Soviet Union, and so on, can all be put into the system of the five principles of peaceful coexistence. (3) Their stability. The five principles of peaceful coexistence have withstood the test of nearly 40 years and shown strong vitality. They are appropriate not only for countries with different social systems but also for those sharing one social system. The content of the five principles reflects the general character of normal international relations and is of far-reaching universal significance. Hundreds of countries around the world have completely or partly accepted them in varied forms and even their actual saboteurs cannot negate them. Naturally, however, as time advances and new factors emerge in international relations, these basic principles can be enriched and developed through discussion among various countries.

Chen Qurong [6186 0648 2837] of the Institute of Modern International Relations: Distinctive Characteristics Typified by the Times

The new international order established on the basis of the five principles of peaceful coexistence will have the following distinctive characteristics:

First, it is in line with the basic tendencies that have gradually formed in postwar international relations, such as pluralization of the international structure, democratization of international relations, internationalization of economic life, and the overall detente of the international situation. The order in the cold war period went against these tendencies.

Second, it is based on universally accepted principles of international law. The five principles of peaceful coexistence have been generally acknowledged by the international community through active initiation and implementation by China and many other countries. They agree with the important basic principles of international law without rejecting other universally accepted principles of international law. Such principles as contention of strength, division of spheres of influence, military alliance, and balance of terror that formed the basis of the cold-war order cannot be placed on a par with the five principles of peaceful coexistence.

Third, it is democratic politics in essence and, diametrically opposite to hegemonism and power politics, is in line with the requirement of the international community in strong opposition to hegemonism and power politics. The essence of the cold-war order was power politics.

Fourth, it is realistic. It does not seek opposition between countries; instead, it pursues the development of common, complementary, or non-conflicting interests among countries by transcending the opposition of social systems and ideologies; does not seek conflict between countries, but instead pursues solutions to actual international conflicts or actual problems that may lead to international conflicts, in the spirit of the five principles of peaceful coexistence; and does not seek meaningless struggle, but instead, pursues practical and effective cooperation in fields where cooperation is possible among countries. It emphasizes that countries of different sizes should enjoy equality of sovereignty, and that small countries' sovereignty should be respected the same way as that of big countries and they should have the same rights to take part in international affairs. However, it also acknowledges the inevitable difference in the actual roles that different countries play, as a result of some factors such as different national strengths.

Fifth, its basic objective is peace and development of the entire international community. It dovetails with the feature of our times described as "the world wants peace, countries want development, and peoples want friendship."

Ni Liyu [0242 4539 5038] of the Institute of International Studies: Matching the Diversified World

After the French Revolution of 1789, capitalism had a spell of flourishing on a world scale. After the October Revolution of 1917 in Russia, socialism also went through a period of flourishing on a world scale. This is an historical fact acknowledged by all. However, as we sail into the 1990's, predictions about the future world differ greatly. Some people in Western countries think that with the dramatic changes in East Europe and the

decline of the Soviet Union, socialism has been defeated or even collapsed. The world will be the world unified by capitalism. Yet more people, even including some celebrities in capitalist countries, do not agree with such a prediction because it is bound to be denied by the development of the actual situation.

The world today has been diversified, and the future world will remain so. The two social systems, i.e., capitalism and socialism, and three categories of countries, i.e., modern capitalist countries, socialist countries, and nationalist countries, will continue to exist for a long time to come. Even in terms of the countries sharing one social system or in one category, their political, economic, and social modes also differ and it is impossible for their interests to be identical. To establish a new international order, we must take this reality into consideration, treat the interests of countries in various categories with great care, and not regard the interests of one or a few countries as representing the interests of all countries. We should be soberly aware that the two social systems and three categories of countries will exist over a fairly long historical period and that none of them can replace or eliminate the other. To achieve a unified world can only be an impractical illusion that is harmful to international cooperation. The only way out is peaceful coexistence and, through peaceful competition, deciding eventually which system is most competent to represent the fundamental interests of the people of the whole world.

What is more important is that, despite the great disparities in the nature and social systems of various countries, they are all existing on the earth where interrelationships and interdependence have increased. They share some common interests because they are all safeguarding peace and seeking development.

All countries should take peace and development as the chief target in establishing a new international order and specify it in the form of stipulations and frameworks of the new international order. As far as China is concerned, the five principles of peaceful coexistence are most appropriate for the common needs of the diversified world, and it is advisable to discuss and study the issue on the basis of them. The prospective new international order formed on such a basis will be most conducive to world peace and stability.

Song Yimin [1345 0110 2404] of the Institute of International Studies: New Tasks Under New Circumstances

The five principles of peaceful coexistence were put forward as early as in the 1950's and are reiterated today. This is because they embody the basic norms of international relations and are antithetical to the hegemonic politics represented by the cold-war order. The end of the cold-war order created a new opportunity for the extensive and conscientious observance of the universally accepted norms of international relations. Meanwhile, I think we should not merely mention the five principles again today. Because of the changes in the

situation, they should have some new content. For example, the central problem pending solution in establishing a new international order is how to safeguard world peace and stability under the new circumstances. During the cold war, what people were most concerned with was prevention of world war, especially nuclear war. Today, the threat of world war has subsided, but the danger of regional wars has increased, and they may have an impact on the entire world. Some countries in important positions are experiencing serious internal turbulence and may threaten stability in their region and even the world. Another example is that economic security is playing an increasingly important role in world security. This makes it necessary to closely integrate the establishment of a new political order with that of a new economic order. Still another example is that under the present situation in which various countries are becoming more and more economically interdependent, studies should be made on some new issues, such as how to define respect for national sovereignty so that it covers the self-containment of sovereignty by various countries and the settlement through international cooperation of certain matters that originally belong within the scope of a country's sovereignty. Also, under the new circumstances, efforts should be made to determine whether or not the principle of noninterference in each other's internal affairs should, with a clearer objective, include such content as respect for each nation's freedom of choice and opposition to imposing certain developmental formulas and values on another country. To tackle such new issues that have emerged in international relations, practical new international arrangements should be made after a common understanding is reached internationally.

Xue Mouhong [5641 6180 3163] of the Institute of International Studies: The World Is Advancing

For a long time human society was governed by the barbaric law of the jungle. Starting from the 17th century, as the number of sovereign countries increased, international contacts became more frequent, and the world political and economic system came into being, attempts to define gradually a number of basic codes of behavior to standardize international relations were made in some "civilized" countries in Europe. The Peace of Westphalia, signed in 1648, put an end to the "Thirty Years War" in the Europe which was then the "center of the world" and affirmed basic principles of international law put forward in "On the Law of War and Peace" by Grotius, "the father of international law," published in 1625, enabling the international community to take a step toward "rule by law." In the past 300 years, there has been considerable development in international law. After the two world wars, the League of Nations and the United Nations, the two "law-enforcing" organizations, were respectively established. But the international community still has not built an international order according to universally acknowledged basic principles of international law. The country (or countries) which poses as the "world police" sometimes violates the law itself.

We are witnessing the advancement of the world. Hegemonism and power politics have met with strong resistance and heavy blows since World War II, which finds prominent expression in the rise of Third World countries. But we should not lose sight of the fact that the principle of "right is might" has not yet completely replaced that of "might is right" and that heated contention is going on between the two principles, with victory hanging in the balance.

Nowadays, the international community is trying to exercise "rule by law." There is a problem of "law-making" and sometimes a problem of "law-enforcing." Various countries around the world have put forth many basic principles of international law, including the five principles of peaceful coexistence known to all, in bilateral relations and multilateral organizations. What truly matters is to implement these principles. The subjects of behavior of the international community are mainly sovereign countries with different levels of national strength. How to make some big, strong, and wealthy countries conscientiously observe existing basic principles of international law and how to enable the UN mechanism (especially the Security Council) to enforce the law strictly instead of using dual criteria remain difficult questions. The factor of national strength is still playing a considerable role in the current international life. But all countries that endorse the establishment of a new international order characterized by "peaceful coexistence and shared prosperity" are able to direct the balance and combination of world strength toward the establishment of a new international order by achieving successes in domestic construction and uniting with all forces that can be united internationally.

Chen Pingling [7115 1627 7117] of the SHIJIE ZHISHI Press: "New Order" and Noninterference in Internal Affairs

The notion of "new international order" and that of "new world order" seem to be synonymous at first glance. But strictly speaking, in terms of legal concepts, their connotations are not exactly the same. A "world order," as its name indicates, is primarily meant to function as a norm for handling world affairs. Though it contains issues of international relations, it is basically a set of "world regulations." But an "international order" is chiefly a norm for handling international relations. Though it of course also includes some handling of international cooperation of global significance, it is basically a set of "regulations regarding international relations."

The world is now swaying in the winds of change and the situation is difficult to grasp. The international community generally wishes to determine some fundamental norms for international relations in a legal form through negotiations on equal footing among countries so as to contribute to world peace and development. Noninterference in internal affairs, as a universally acknowledged norm of internal relations, should naturally become a basic stipulation in the new international order. China

suggests establishing a new international order with the famous five principles of peaceful coexistence as the norm. One of the five principles is noninterference in internal affairs. This is completely in line with the general demand of the international community.

However, it has been noticed that some discussions "new world order" have left out or avoided the principle of noninterference in internal affairs. This is not acceptable to the international community. Since the international law came into being, respect for sovereignty and noninterference in internal affairs have always been the basic norm for handling international relations. The UN Charter and other postwar international documents also contain unequivocal stipulations on this issue that brook no doubt. If the basic norm is abandoned, the international community is bound to step back into the "jungle" governed by the law that "the weak are the prey of the strong." Consequently, there would be no international law to speak of, let alone any "new order."

Wan Guang [8001 0342] of the Institute of International Studies: Facing the Challenge That Confronts the World

After the smashing of the old polarized structure, the world is now facing severe challenges. Some people are suggesting "establishing a new U.S.-led world order," while some others are advocating "building a new world order" on the basis of the tripartite balance of the United States, West Europe, and Japan. Some forces in Western countries are trying to popularize the political and economic modes of their social systems, their values, and their ideologies in socialist and Third World countries. After the original balance of world and regional strengths was lost, regional conflicts and clashes have intensified. While the two tendencies in the world, namely, the deepening of interrelationship and interdependence and the growth of independence and nationalism, are developing, some forces, under the pretext of world integration, and taking advantage of the development of international exchanges, have created various arguments to interfere in the internal affairs of sovereign countries. Extreme nationalism, such as national expansionism, is also developing, causing hegemonism to gain ground and national disputes and conflicts in some regions to increase. The difference and conflict between the South and the North is expanding and deepening. Mankind is facing many problems such as ecological deterioration.

Faced with these challenges, China suggests establishing a new international political and economic order on the basis of the five principles of peaceful coexistence. The core of this new international order is that all countries in the world, whether they are big or small, strong or weak, poor or rich, are independent and have the initiative in their own hands and are members of the international community enjoying equality. International affairs should be handled through consultation among all countries on an equal footing instead of being monopolized by one or a few powers. Each country has the right to choose its social, political, and economic systems and

path of development according to its national conditions; no country, especially no big power, should interfere in other countries' internal affairs. An equal and mutually beneficial new international economic order should be established.

Only under such a new international order can we establish new-type international relations which are diametrically opposed to the old international relations based on hegemonism and power politics of a small handful of powers. This means that a thorough transformation of existing international relations hinges, in the final analysis, on the changes in the balance of forces. This will be a protracted, arduous, and complicated struggle and will become a historical process.

Wang Shu [3769 2992] of the Institute of International Studies: Maintain Detente and Dialogue; Prevent Turbulence and Instability

The leaders of our country have mentioned in their many speeches recently that the international community's wish to establish a new international order on the basis of the five principles of peaceful coexistence is in line with the tremendous changes the world is now going through and has consequently had an important impact on the world.

The disintegration of the U.S.-Soviet polarized structure which lasted for more than 40 years after World War II has brought a strong momentum of detente and dialogue to the world, but has also produced an energetic shock wave, giving rise to some turbulence. All the problems, disputes, and conflicts that have long been suppressed, controlled, neglected, or covered by the two superpowers, the United States and the Soviet Union, will explode and bring additional new factors and problems under changing circumstances. To their dismay, people are witnessing the following: Nationalist and religious sentiments are surging in the world at present, especially in the Third World; disputes over territories and resources and racial conflicts are tending to increase; economic disparity and uneven distribution of wealth are expanding; and wars, natural disasters, famines, and outbreaks of diseases are frequent. Under such circumstances, only when all countries handle and coordinate their relations with one another and solve contradictions justly, rationally, and peacefully by observing the five principles of peaceful coexistence can disturbances or even war-like situations be avoided, so that the general trend of detente and dialogue, which has appeared only recently, can move forward.

At present, with the new industrial and technological revolution drawing near, the production and life of mankind will undergo tremendous changes, and cooperation and interdependence among the countries around the world will further deepen. Meanwhile, some problems that human society is concerned with and should make concerted efforts to settle, such as environmental protection, acid rain, the ozone layer, pollution in seas and rivers, desertification of land, and reduction of tropical rain forests, are more and more urgent

and significant. Some other problems that plague international society, such as terrorism, drug trafficking and addiction, and AIDS, also entail effective countermeasures. All these problems concerning economy, science and technology, and the environment require that the entire world make concerted efforts, install necessary and effective mechanisms, overcome and eliminate them with one mind and one heart, and bring benefit to mankind.

The path of building a new international order on the basis of the five principles of peaceful coexistence is long and tortuous, requiring strenuous efforts and great perseverance. But history has time and again proved that all affairs, whether they are global, regional, or between certain countries, must be handled according to the five principles of peaceful coexistence, which is the only way to build fine international relations. In the process of establishing a new international order, all big countries, especially big developed countries, carry heavy and unavoidable responsibility. They should set an example of observing the five principles of peaceful coexistence in deeds, not in words.

Ma Xiaojun [7456 1420 6511] of the International Politics Section of the CPC Central Party School: The Democratic Connotation of the Principle of Equality

The equality embodied in the five principles of peaceful coexistence connotes democratization of international political life. The precondition for carrying out the principle of democracy is that all countries are of equal status in the international political order, and the eventual realization of the principle of equality finds expression only in the situation wherein all countries, despite the differences in their size, wealth, strength, and social system, can participate in international affairs in a democratic way, fully enjoy the rights and benefits they are entitled to according to international law, and assume their duties accordingly. The principle of democracy in international politics reflects a certain initiative and a spirit of active participation. Due to historical factors, weak, poor, and small countries, which form the majority in the world, have long been in a disadvantageous position in the international political order and have always been excluded in international affairs. But the big, rich, and powerful countries, which form the minority in the world, and their blocs have always been in control of the entire international life. At present, in the course of building a new international political order, the most essential content in advocating the principle of democracy is combating hegemonism and power politics, opposing the arms race, and safeguarding world peace. Only when power politics is thoroughly abandoned in international life can the democratization of international politics be truly realized. Banning use of arms or armed threats is a key link in the process of democratization. To abolish power politics and its derivative forms, the first thing that must be done is to abolish armed threats. Therefore, solving problems concerning peace, disarmament, and avoidance of nuclear war and conventional war in a democratic way is not only of special significance to the existence of mankind as a whole, but is also an indispensable condition for building a peaceful and healthy new international political order. Besides, on all

major issues that concern the future of human civilization, such as elimination of starvation, poverty, environmental pollution, drug addiction, terrorism, and AIDS, as well as other major international affairs questions, we should carry out democratic participation, cooperation, and dialogue, and thoroughly reverse the situation in which hegemonism and power politics rule the world. For the numerous developing countries, while all efforts are made to win the right of democratic participation, the key to true realization of democratization of international politics lies in thorough termination of the underdeveloped state, to various degrees, of politics, economy, and cultural education in different countries. Therefore, the issue of development has naturally become the basis for establishing a new international political order. Unless the South is developed, there will be no true equality or democracy, and it will be impossible to establish a new international political order.

Wang Jinglie [3769 0079 3525] of the West Asian and African Studies Institute of the Chinese Academy of Social Sciences: The Third World Is An Important Force

The establishment of any world structure and order is, to a great extent, conditioned and determined by the balance of major forces of the world. How should the major forces that determine the future of world development be analyzed?

Nixon once put forward the "theory of five major forces at the core." This viewpoint put too much emphasis on the role of big countries and denied the strength of medium-sized and small countries which form the majority in the world. It was in effect a "theory of determination by big countries," i.e., big countries determining the destiny of medium-sized and small countries and even the entire world.

I think the Third World is an important force for establishing a new world order. The struggle centering around the establishment of a new world order is the continuation of the contradiction and struggle among the three worlds (three basic forces) under the new circumstances. As far as the historical background is concerned, we are now still in the period of imperialism. The imbalance of development in the capitalist countries and the disintegration of the old colonialist system have given rise to three interrelated and mutually contradictory worlds in the international political system. Despite major changes in the world situation, the three-world structure in the international political system still exists, and contradictions and struggles among the three forces remain an important determinant of the world political and economic situation and will also play an important role in the establishment of a new world order.

Though Third World countries are still controlled, to various degrees, by developed countries in terms of their economies; are still poor and backward; and have many internal conflicts, they have vast territories, large populations, and abundant resources. With their growing strength, the Third World countries are playing an increasingly important role in international affairs.

Judging from the mere fact that the postwar East-West confrontation has evolved into East-West confrontation crisscrossed with South-North dialogue, developed capitalist countries cannot completely deny the important role of the Third World in international affairs. The development of South-South cooperation shows the Third World countries' historical tendency of struggling in unity and developing their own strength. The North-South contradiction will become even more prominent against the historical background of termination of the cold war and the disappearance of the confrontation between the Eastern and Western camps; therefore, the role of the Third World is all the more noteworthy. With their further unity, development, and growth in strength, Third World countries are bound to win for themselves more right to speak and compel a small number of big countries to make more concessions so as to form a just and rational new world order conducive to the development of all countries.

Chen Xiaogong [7115 1420 0501] of the Beijing Society of International Strategic Studies: A Contest Concerning National Interests

There is both a difference and connection between the international order and strategic structure. Strategic structure refers to the structure of forces that plays a leading and dominating role in international relations within a given period, especially the basic state of conflict and coordination, and confrontation and cooperation in the relations among big countries. Our country has always paid attention to the analysis of the world strategic structure in formulating diplomatic policies. Such notions as "two camps," "intermediate zone," "three worlds," "big triangle," and "multipolarization" that have been put forward since the founding of New China are the summaries of strategic structures in different periods. The notion of international order, if merely as a norm and code of behavior for international relations, falls roughly in the category of international law. But the existing international order is quite far removed from the basic principles of international law. It is not an ideal state, but is conditioned by the balance of various forces and conflicts of interests; in particular, it is influenced and conditioned by the strategic structure. One may say that in a sense the strategic structure itself is an important international order. Each major change in the structure will trigger a struggle for reestablishing international order, and the establishment of a new order always accompanies the formation of a new structure.

The disintegration of the polarized structure is now triggering a struggle over what kind of new order should be established. In this struggle, there is a debate between "theory of strength" and "theory of rights," and conflicts of interests are going on. What merits attention is that, for any country, international order is an important national interest. International order often props up the basic external conditions for the survival and development of a country. Therefore, no country regards the establishment of new international order in abstract terms. They consider the establishment of new international order as an opportunity and method for seeking a

solution to various international problems that closely concern their interests. Therefore, the struggle to build a "new order" is in effect a contest for a favorable position among countries in the process of the structural change. The result of this contest will, to a great extent, determine the features of the future world structure.

Fu Yaozu [0265 5069 4371] of the Department of International Politics of the Foreign Affairs College: Diversification and Common Points of the World

The establishment of a new-type international order is of pressing importance at present, and one should also see that there is a great possibility. After World War II, the image of the world had a significant change and three basic forces, namely, socialist countries, capitalist countries, and newly independent countries, were gradually formed. Despite some major changes in the structure of international relations in the past decades and the growth and decline of the three forces, these three basic forces will continue to coexist, which provides an objective basis and possibility for establishing a new-type international order different from the old one.

That it is possible to establish a new international order is also because different types of countries around the world share some features and they can seek common ground while reserving differences. This is the very thing advocated in the five principles of peaceful coexistence. Judging from the current situation, common features are found at least in the following three respects:

1. Avoiding world wars and preventing nuclear wars. In the past half a century, there has been no new world war, and it may be possible to continue avoiding such a war in the future. This is an important condition for establishing a new order. Naturally, however, as long as hegemonic policies and other factors that cause wars still exist, the danger of war, as the continuation of politics, will not disappear. Local wars have never stopped after World War II, and various clashes may still happen in the future. In order to prevent clashes from expanding and causing a world war, all countries should join hands in settling international disputes through peaceful means.
2. With the development of the world economy, the extent to which various countries depend on one another's resources in economic development is increasing. Developed countries rely on the Third World for resources, and developing countries also need funds and technologies from Western countries. Through repeated struggles, some points that are acceptable to both parties can be found on the issue of common development of the world.
3. Regarding such aspects as protection of the environment, rational exploitation of common resources, natural disaster relief, and fighting terrorism, which concern global interests, various countries have more common ground and greater possibility of cooperation.

Seeking common ground does not mean ignoring or covering up contradictions and conflicts. The diversified world is not tranquil. The struggle is complicated and sometimes intense. However, while carrying on with the struggle by sticking to principle, it is necessary to resort to strategy and push forward the establishment of new international order on just grounds, to our advantage, and with restraint.

**Xiong Shanwu [3574 0810 0710] of the State Council
Information Office: Conforming to the Interests of Most
Countries**

The world situation is changing, contradictions are intricate, and various forces are on a see-saw. Today, bipolarity changing into multipolarity has become an objective process of development independent of man's will. However, the macro-structure of East, West, South, and North is still in existence and will continue to exist and develop and change in different ways in the foreseeable future. This is also independent of man's will. When we discuss the establishment of a new international order, we should first see the tremendous changes in the international situation, but in the meantime, we should not lose sight of the factors that have not changed, will not easily change, or will never change at all. During this important period when the old structure has been shattered but a new structure has yet to form, we should strive to establish a just and rational new international order.

In my opinion, the idea of "good-neighborliness" should be highlighted in the plan for a new international order with the five principles of peaceful coexistence as the basis, equality as the core, and noninterference in each other's internal affairs as the focus. This is because: 1) If all countries truly treat their neighbors as friends, the world will be at peace; 2) combating hegemonism is in line with the interests of small countries in many regions; and 3) reiterating our firm stand of not seeking hegemony will help further preserve and develop our country's fine peripheral relations.

Another phenomenon in the current world structure is relaxed East-West relations and intense South-North conflict. The South-North conflict finds prominent expression in exchange of unequal values and debt problems. Therefore, the struggle to establish a new international political order is closely related to the struggle to establish a new economic order. Southern countries have recently been rather quiet about establishing a new international order. They are plagued by all kinds of difficulties and sufferings and have a strong desire for a new order. These countries are numerous and have vast territories, so the "new order" should cater to their interests and demand.

**Yang Jiemian [2799 3381 0517] of the Shanghai
Institute of Peace and Development: Inevitable Result of
Historical Development**

The termination of the bipolar era has both the positive effect of relieving world tension and negative effect of inducing the escalation of regional conflicts. The new

reality and developmental tendencies entail new definitions of the norms that restrict various countries' behavior and mutual relations, so as to guarantee the normal operation of the international community. Therefore, major countries around the world have put forward their ideas about the establishment of a new international order.

Fundamentally speaking, the old international political order is power politics and hegemonism and the old economic order is to safeguard the exploitation of underdeveloped countries by developed ones. This unjust and irrational aspect of the old order is more and more unacceptable to most countries, and therefore more and more developing countries that have been victimized by it are demanding its replacement with a just and rational new international order.

Out of different considerations, countries in various categories have all put forward ideas and suggestions about the establishment of a new international order in the current period of historical transition. The big countries that have benefited from the old order wish to be the first in the race and seek a leading position to their own advantage in the new order which will extend into the next century, by virtue of their remaining superiority of strength. On the other hand, the many developing countries wish to safeguard and promote their legitimate rights and benefits under the new order.

The establishment of the international order in modern and contemporary world history was often decided upon in the wake of important regional or world wars. But the new international order is brewing and taking shape mainly through peaceful means. However, the prevailing trend in international relations is still power-worshipping, and no force representing justice and rationality has gained the upper hand yet. Obviously, establishing a new international order based on the five principles of peaceful coexistence, compatible with, and complementary to, various rational and progressive propositions, will be a gradual historical process, inevitably going through some difficult and tortuous stages. Nevertheless, this new order, after all, embodies the beautiful ideals of all countries in pursuit of equality, justice, and rationality, and represents the direction of the development of international relations. Therefore, it is also an inexorable historical trend.

**Fan Chengzuo [5400 2110 4373], former Chinese
ambassador to Albania: A Topic of Broad Concern**

Into the 1990's, with the end of the "cold war," the old bipolar structure of the world has been shattered and a new multipolar structure has yet to come. Some countries, in order to safeguard peace and prevent conflict, cater to their present and long-term interests, or gain a favorable position in the future new structure, have raised the issue of establishing a new international order. Up to now, with regard to this issue, many countries have put forward slogans, concepts, tentative ideas, or propositions. There seems to be no evident difference

among the countries as concerns the need to build a new international order. But opinions do differ, and no decisions can be reached as to what kind of new order should be established, on what principle the new order should be built, and what method or mechanism should be adopted.

Our country, like many other countries, proposes that the new international order, including new political and economic orders, should be established on the basis of the five principles of peaceful coexistence. Some countries put forward different principles, suggestions, and propositions, such as that the new order should be based on the UN Charter, the role of which should be given further play. Up to this moment, some countries have just raised the question and most of their ideas have not been put down in stipulations, so the whole process has just begun. With the lapse of time and the further change in the international situation, there will be more countries advancing their ideas and propositions, and some countries that have already produced specific stipulations and frameworks will consult and coordinate with other countries. Generally speaking, it is a common wish that there be a just and rational order in the future, which is conducive to the world trend of peace and development. "The new order" is closely linked with the interests of all countries; therefore, it is bound to be a question of wide concern on a world scale.

Wang Houkang [3769 0624 1660] of the Shanghai Society of International Relations: Pay Attention to Ideas and Steps Suggested by the United States

President Bush proposed establishing a new world order in January of this year. In April, he gave his first speech on this proposal. What is called a new world order by the United States is establishment of a common security system to safeguard U.S. interests around the world and, when the opportunity arises, disseminate U.S. values. It maintains that such a new order must be universally acknowledged by the international community and observed by all countries, and must be equipped with a mechanism of guarantee and be a leading force. These points show that this proposal has certain practicality.

It is mainly through the United Nations that the United States pursues the mechanism of guarantee of the new world order, backed by the strength of the United States, which will rely on its powerful political, economic, military, cultural, and ideological forces to push through the new order. Though its own economic strength is declining, the United States has the tremendous power to unite and coordinate with its allies to share its responsibility and occupies a dominating or decisive position in many international organizations. The process of realizing the new order will probably start from the establishment of regional security mechanisms, first in Europe, then in the Middle East, and eventually in Asia and other regions.

Our country is among the first to propose the establishment of a new international order. We maintain that the

new international order should be based on the five principles of peaceful coexistence. This is in keeping with the interests of most countries in the world. After further enriching and improving this proposition, we should expand its influence by taking advantage of our country's position in the UN Security Council as a permanent member. With necessary conditions, we may start by implementing it in our relations in the Asian-Pacific region, especially with our peripheral countries.

We do not deny the great responsibility that the United States, as a big nation, should assume in peace and international security. There are areas in which we cooperate with the United States, but we should firmly fight against its hegemonic acts.

Song Baoyuan [1345 1405 6343] of the Institute of Modern International Relations: The United States, Europe, and Japan Are Scrambling for Domination

Today, the world has entered a crucial period of transition from the old international order, which has come all the way to this day since World War II, to a new international order. To see the global situation in one picture, some big countries are staging an ever-intensifying struggle, both open and veiled, regarding what kind of new international order should be established. The focal point of the struggle is to obtain control over the establishment of a new international order. One may come to the following few preliminary realizations from this struggle: 1) The Bush administration has been upholding the "irreplaceable" leading position of the United States and maintaining that "in world affairs, only the United States enjoys moral prestige and has the material force to support such prestige" and the United States will "play a chief leading role" in the process of establishing a new international order. It went further to call on the American people to prepare for the "next American century." 2) The U.S. European allies and Japan are worried about the possibility that the United States may go back to the "1950's, when it was ordering people around." French President Mitterrand pointed out: "No one has the right to say that, from now on, a country will decide for all countries." British Foreign Minister Hurd emphasized: "The peace under the rule of the United States or countries along the Atlantic coast is impractical." Former Japanese Prime Minister Nakasone also said: "Even in the free world, there are people who feel uneasy about whether the United States will monopolize leadership." 3) It seems that the U.S.-European-Japanese struggle has just started. The way in which it will evolve hinges on where the United States will put itself internationally and the orientation of its policymaking.

Guo Xiangang [6753 2009 4854] of the Institute of International Studies: Means and Objectives

Often, the notion of "new world order" and that of "new world," both put forward by George Bush, are equated in our country's theoretical circles. In fact, establishing a U.S.-led security system and mechanism on the world

scale on the one hand and, on the other, disseminating such American values as democracy, freedom, and market economy throughout the world to realize global capitalism are both embodied in the two propositions of "new world order" and "new world," which are different from, but connected with, each other.

It was on the very day of the outbreak of the Gulf crisis that Bush used the term "new world order" for the first time. He repeated this concept several times thereafter.

As for "new world," Bush elaborated in his speech when visiting the Netherlands on 17 July 1989: The "new world" that the United States is pursuing "is a union of free countries acting in unison." On 29 January 1991, Bush once again mentioned, in his State of the Union Address, that the new world is an "entire and free world" established on the Western mode.

Bush's "new world" is the objective whereas the "new world order" is the major security measure for establishing and maintaining the "new world." When talking about the "new world order" on 13 April this year, Bush clearly admitted: "The 'new world order' is a means to cope with various circumstances that may emerge in the new world (in the process of its formation and consolidation)."

In a word, Bush wants to reach the objective of building a capitalist "new world" by means of establishing a "new world order." Though different, the objective and means are closely connected.

International 'Pattern' Viewed

HK2307072791 Beijing SHIJIE ZHISHI in Chinese
No 13, 1 Jul 91 p 4

[Article by Chen Lemin (7115 2867 3046): "Random Talk on 'Pattern'": edited from "academic forum speech"]

[Text] When discussing the international situation, people invariably talk about "pattern." Its meaning, I think, is probably what Engels termed a "convergence of historical forces—the mutual actions of many forces to form a relative 'total average.'"

In international politics, "pattern" started with Europe's modern history. In the past, the substitution of the old by the new pattern was always accomplished through a massive war. When the imbalance between various forces reached such an extent that nothing could be settled without resorting to force of arms, the old pattern was smashed in a war and a new "convergence of historical forces" was formed on a new basis.

Following the 30 Years War in the 17th century, the belligerent states signed the Peace Accord of Westphalia, which drew a general outline of the map of modern Europe. It was called the "Westphalia pattern" in history. It was the first international pattern in the wake of the formation of nation-states in Europe toward the end of the Middle Ages. The growth and decline of various forces were never immutable; the ensuing wars for the succession to the throne and the seven-year war had a

constant impact on the old framework. The Napoleonic Wars ultimately smashed the Westphalia pattern and brought forth five states matching each other in strength (Britain, Russia, Prussia, Austria, and France), that is, the so-called "Vienna pattern." About 100 years later, World War I again negated the Vienna pattern. Following the new arrangements for international politics at the Paris peace conference, the international political activities conducted mainly by Europe were extended beyond Europe. As a result of this war, the powers redivided their spheres of influence, with Germany defeated, the Austro-Hungarian Empire disintegrated, and the United States and Japan joining the ranks of world powers. As a result of the October Revolution, a Soviet socialist political power was set up in Russia toward the end of the war. Ever since its inception, the Versailles pattern was fraught with so many turmoils and crises that, in less than 20 years, Europe became the source of another world war. After World War II, the "Yalta pattern" characterized by the United States and the Soviet Union as the superpowers, the confrontation of military blocs, and the division of Europe into two parts, came into being. In addition to the role of war, social systems and ideology also serve as another new, unprecedented special factor in the formation of the Yalta pattern. The demarcation line is quite clear in Europe: The division of East and West Europe is one of social systems.

The collapse of the Yalta pattern is different from the previous pattern changes in that it is achieved through the drastic change of one side in "peacetime" rather than through war. For this reason, there are neither the "victorious nations," the "vanquished nations," nor any international conference as a sign to distinguish between the new and old patterns (perhaps the CSCE held in Paris at the end of last year may grudgingly be regarded as one). Although coming in the wake of changes in East Europe in 1989, it is nevertheless the result of longstanding, innumerable gradual changes. The outcome of trial of strength is that the West has gained the upper hand. But things are not so simple. The world is complicated, and everything has both positive and negative effects offsetting each other. It will not do to see only one aspect, and there is not only one possible development. The United States is still a superpower—almost the only one—and it has demonstrated its strength during the Gulf war, but it does not have the same actual influence it had before. Although there is a tripartite confrontation among the United States, Japan, and Europe economically, it is not so politically. Japan is trying its utmost to become a worldwide political power but the obstruction is great. Europe itself is not an entity. Even the European Community countries reacted differently to the Gulf war. It is not easy to have a common foreign policy, still less, a security policy. Although the Soviet Union is weak, its political influence and military might still should not be belittled. Though relatively backward in comparison with Europe and the United States, the Pacific region is developing rapidly and joining the world competition. As for China, which stands towering

in East Asia, it is also vigorously taking part in international affairs with its tremendous potential and political influence. All this is sufficient to prove that all forces are in the process of constant development and change. This state of affairs cannot be included in the previous concept of "two poles," nor can we easily or scientifically say which country or countries serving as a "pole." Accordingly, I think, we are now in a "pattern" that has not taken shape and, therefore, it is inconvenient to use a certain formula to make a definitive exposition. I even think that, in analyzing the international situation in the future, we should not necessarily adhere to such concepts as "pattern."

As for the new international order, it is a concept not completely similar to "pattern." "Pattern" usually refers to an existing situation, while "order" refers to an international relation we strive to achieve and it contains a subjective desire. Politicians in many countries have their own ideas. We favor establishing a new international political and economic order based on the five principles of peaceful coexistence; undoubtedly, such an international order is the most rational. However, it will certainly come into conflict with the principle of power politics, which asserts itself distinctly and seriously from time to time. For this reason, it will take a long time to realize the principle for which we are fighting.

Column Urges Rich Nations To Help Poor

HK2307063291 Beijing RENMIN RIBAO in Chinese
 18 Jul 91 p 7

["International Jottings" column by Zhao Zhangyun (6392 4545 0061): "Beginning Discussion With Natural Disasters"]

[Text] Cholera in South America, drought in Africa, cyclones in Bangladesh, and volcanic eruptions in the Philippines—all caused tremendous destruction and casualties to mankind. All this seemed to issue a warning to the people: Mankind has entered the space age but remains in a helpless position when facing natural disasters. The international community also can do nothing except provide certain stopgap humanitarian aid.

Admittedly, some natural disasters are unstoppable. However, the fact is that so far, most natural disasters have occurred in the less developed Third World nations and have caused serious consequences. This is not something accidental. The impoverished economic conditions; the poor conditions with regard to food and drinking water; and the backward housing, medical services, and public sanitation are hotbeds for the spread of epidemic diseases and the occurrence of natural disasters. In some South American regions, many people cannot afford vaccinations; in some African countries, people have difficulty in getting potable water for their daily lives. In Bangladesh, only 5 percent of the population live in houses that are impervious to attacks from cyclones. Many people cannot even get sufficient food and clothing for a subsistence level existence; still less do

they have the means to resist serious natural catastrophes. Moreover, the poor living conditions themselves may engender many disasters.

In order to change the underdeveloped conditions of the Third World, 10 years ago, the United Nations called for the international community, especially the economically developed nations, to adopt effective and feasible steps to provide assistance. They even put forward a concrete action program which required official assistance, amounting to 0.15 percent of the developed nations' GNP, being given to the most underdeveloped nations. However, over the past 10 years, except for a small number of nations, the official assistance given by the developed nations to the most underdeveloped nations has not reached the target prescribed by the action program in the 1980's. On the contrary, they repeatedly lowered the prices of raw materials and elementary products by big margins, intensified trade protectionist measures, and held fast to their unreasonable position in major trade negotiations with developing nations with regard to agricultural products, textile products, and technology transfers. As a result, the economic development of the nations in the South was seriously impaired, the economic imbalance between the North and South became more serious, and the gap between the rich and the poor was further widened.

However, as mankind is living on the same earth, scientific progress and economic development have made all nations in the world more interdependent. They also more relevantly constrain and influence each other. As UN Secretary General Javier Perez de Cuellar said, without settling the problems in the South, nations in the North will merely sit on a tottering throne. If the conditions of developing nations are not improved, the developed nations will simply be in a vulnerable position. It is necessary to give temporary aid to nations afflicted by natural disasters but, more importantly, the international community, especially the developed nations, should be aware of the necessity for common and well-balanced development between the North and the South and the need to build a genuinely fair and reasonable new international economic order. They should actually help developing nations to gradually and thoroughly shake off poverty and backwardness.

President Bush Returns From Visit to Turkey

Cooperation, Military Aid Noted

OW2207132591 Beijing XINHUA in English
 1225 GMT 22 Jul 91

[Text] Istanbul, July 22 (XINHUA)—U.S. President George Bush left here today for home after talks with Turkish Government leaders on Turco-American relations and the Cyprus issue.

Before his departure, Bush told reporters at the Istanbul Airport that his visit has helped strengthened ties between the two countries.

He said that his talks with Turkish President Turgut Ozal focused on bilateral cooperation in the fields of defense, trade, education, environment, and science and technology.

Bush said that his government will support Turkey's military modernization and help the country manufacture an additional 160 F-16 fighters.

Turkey has already manufactured 152 F-16 fighters at a complex near Ankara with the American help.

Bush also said that his government will grant Turkey 1-million-U.S.-dollar aid to compensate for the losses resulting from the influx of Iraqi refugees into Turkey after the Gulf War that ended in late February.

On the Cyprus problem, Bush said that he will continue contacts with leaders of Turkey, Greece, and Cyprus as well as the United Nations' Secretary General Javier Perez de Cuellar in a bid to bring a lasting peace to the island.

Bush, the first U.S. President to visit Turkey since 1959, was seen off at the airport by Ozal, Prime Minister Mesut Yilmaz, and other members of the Turkish Cabinet. Bush arrived in Turkey Saturday.

Cited on Moscow Summit

OW2307051291 Beijing XINHUA in English
0413 GMT 23 Jul 91

[Text] Washington, July 22 (XINHUA)—U.S. President George Bush returned here Monday after an exhausting nine-day trip to four European and Asian countries, but he is to plunge immediately into preparations for the coming travel to Moscow.

"Just back from a fascinating trip to London, Turkey and Greece, I think it was a good one," Bush said upon his arrival.

The primary purpose of Bush's trip was attending the summit of seven leading industrialized nations in London. Following the summit, Bush had meetings with Soviet President Mikhail Gorbachev in London between July 15 and 17.

Prior to the London summit, he made a stopover in Paris and paid state visits to Greece and Turkey after the summit.

"A lot of evening action out there coupled with getting up pretty early," Bush said, looking conspicuously tired from the travel.

Before leaving Turkey, the U.S. President told reporters that he had two objectives when he was back to Washington. "One, get some rest in our own bed and be ready to go; and secondly, brief for the important meetings with President Gorbachev."

In London, Bush announced that he would put into action the long-delayed visit to Moscow on July 30 and 31, during which he and Gorbachev are expected to sign the Strategic Arms Reduction Treaty (START).

The announcement came after the nine-year, often-bitter negotiations between the Soviet Union and the United States on the treaty. The two countries have finally ironed out differences on the treaty which would slash by 30 percent their strategic nuclear arsenals.

However, Bush's National Security Adviser Brent Scowcroft said that U.S. and Soviet arms negotiators in Geneva were "still working like crazy" to finish the actual treaty wording so that "there will be a document" for Bush and Gorbachev to sign in Moscow.

Baker on Israeli Response to Peace Proposal

OW2207114991 Beijing XINHUA in English
1012 GMT 22 Jul 91

[Text] Cairo, July 22 (XINHUA)—U.S. Secretary of State James Baker said today that Israel has promised an early answer "in the affirmative" to the American proposal for a Mideast peace conference.

Baker raised hopes that Israel would accept the U.S. formula calling for a regional conference in the presence of a "silent" U.N. observer.

Baker was speaking to reporters after talks with Israeli Prime Minister Yitzhak Shamir, Foreign Minister David Levi and Defense Minister Moshe Arens.

"For now, we will wait with great hope for a response from Prime Minister Shamir and his colleagues," Baker said.

"We had very good, serious and extensive discussions," Baker said, adding that the Israelis "indicated to me they would be able to respond shortly and I'm very hopeful that response will be in the affirmative."

Baker stopped short of explaining what "shortly" meant when asked about whether the word referred to a deadline to Israel for an answer to the U.S. proposal.

He denied press reports that he was pressuring Israel to join peace talks. Baker has won agreement from Syria, Egypt, Saudi Arabia and Jordan to convene the U.S.-proposed conference. He arrived in Israel Sunday on the sixth visit to the Jewish state as part of his fifth Mideast tour in four months in a bid to arrange Arab-Israeli peace talks.

After the 90-minute talks with Baker, Levi and Arens went into session to consider the U.S. proposition that Israel hold direct talks with the Arab states, reports from Jerusalem said.

Baker said he took up "with considerable detail" with Shamir, Arens and Levi the exchanges he had with leaders of Syria, Egypt, Saudi Arabia and Jordan on his visits to these countries before arriving in Israel.

Baker also said the Israeli leaders were not "enthusiastic" about the U.S.-initiated proposal calling for an end to the Arab economic boycott against Israel in exchange for halting Jewish settlement building in the occupied Arab lands.

Egypt, Saudi Arabia and Jordan have expressed willingness to accept the proposal.

Meanwhile, Shamir's senior adviser, Avi Pazner, said today's talks between Baker and Israeli leaders were inconclusive.

"There are still open questions and they will be clarified in the next few days," Pazner said.

Israel objects to U.N. involvement in the proposed peace talks, as Syria has demanded. It also wants assurances that the Palestine Liberation Organization would be excluded in any negotiations.

Commentary Views U.S. Mideast Peace Efforts

HK2207150591 Beijing RENMIN RIBAO in Chinese
20 Jul 91 p 6

["Commentary" by staff reporter Zhang Qixin (1728 0796 2500): "Baker Revisits Middle East"]

[Text] Washington, 18 July (RENMIN RIBAO)—On 18 July, U.S. Secretary of State James Baker will revisit the Middle East. He will go to Syria, Egypt, Saudi Arabia, Jordan, and Israel for visits, and discuss with the leaders of these countries the matter of convening a regional conference on peace in the Middle East. This is his fifth trip to the Middle East since the end of the Gulf war.

Little more than a month after Baker's last visit to the Middle East, President Bush suddenly decided that Baker would visit the Middle East again, the main reason being the reply letter he received from Syrian President Hafiz al-Asad. According to U.S. officials, Al-Asad has responded positively to Bush's plan to convene a regional peace conference, and the United States has to grasp this chance to again promote the peace process in the Middle East.

After the Gulf war, the United States made slow progress in diplomatic mediation in the Middle East. Baker's four trips to the Middle East failed to create a consensus on the matter of convening a regional peace conference in the Middle East. Therefore, in early June, Bush sent letters to the leaders of Israel, Syria, Egypt, and Jordan respectively, suggesting the U.S. concept of a regional peace conference and urging them to respond, thereby enabling the United States to decide on the next step.

The main point of Bush's letter was: The United States and the Soviet Union would convene and preside over a Middle East regional peace conference, and after the curtain-raiser it would develop into direct Arab-Israeli talks and dialogue between Israel and the Palestinians.

In light of the differences between Israel and Syria on the role of the United Nations and the problem of whether there should be a series of meetings, Bush made a compromise suggestion, that is, the United Nations would send an observer to attend the meeting, who would act only as a "silent observer." After the curtain of the peace conference is raised, the meeting can be

reconvened after a certain interval, but only to listen to the different sides' situations with regard to the conference, and it can only be convened when all sides unanimously agree. Although Bush's peace meeting plan has taken into consideration the ideas of Arab countries such as Syria, it is clear that to a great extent it has taken care of Israeli demands.

Bush's plan has met with varied responses from different sides. Egypt said it would participate in the peace meeting, the Gulf countries such as Saudi Arabia said they would send observers, and Jordan is expected to attend. Syria thinks that Bush's plan is "an acceptable foundation for materializing an overall solution." The United States views the Syrian attitude as a "positive breakthrough" in its Middle East diplomacy. Precisely because of this, the United States decided that immediately after the G-7 summit, Baker would leave for the Middle East to carry out diplomatic mediation.

At present, Israel's moves and attitudes are noteworthy. As early as June, when Bush sent his letters, Israeli Prime Minister Shamir immediately sent a reply letter rejecting the compromise U.S. plan. After Syria responded positively, Israel said, as it had said before, that it would not change its stand, which means it rejects any role for the United Nations. It also stressed that the peace meeting should only be a curtain-raising ceremony leading to direct Arab-Israeli talks. The Israeli Government even declared that when Baker came, it would not make any compromises. According to analysis by Jerusalem-based observers, Shamir has always wanted to eliminate the feasibility of a peace conference because he thinks that an inevitable outcome of a peace conference would be that Israel would have to leave the occupied territories. In fact, up to now, Israel is still stubbornly insisting that it will not retreat from the Golan Heights, East Jerusalem, or the West Bank; therefore, Israel's attitude is currently the crux of whether there can be any progress in the Middle East peace process.

Although the United States is disappointed by Israel's hasty reiteration that it will not participate in the meeting, it is still urging it to "rethink in light of the Syrian response." According to sources, other than having further discussions with Syria, the main point of Baker's current visit is to convince Israel to change its stand. However, as an article carried by THE NEW YORK TIMES pointed out, in this area the United States "still faces many obstacles."

Northeast Asia

Trade, Investment Accords With S. Korea Planned

HK1807060291 Beijing CHINA DAILY in English
18 Jul 91 p 2

[By staff reporter Yuan Zhou]

[Text] Two trade promotion organizations from China and South Korea are about to negotiate the signing of bilateral trade and investment protection agreements.

Zheng Hongye, chairman of the China Chamber of International Commerce (CCOIC), said yesterday that the discussion would proceed between his agency and the Korea Trade Promotion Corporation (KTPC).

CCOIC and KTPC have representative offices in Seoul and Beijing despite the fact that there are no diplomatic relations between China and South Korea.

"We hope to sign the agreement at the end of this year or next," Zheng said in an interview with CHINA DAILY. The lack of such agreements has restrained the development of economic and technological cooperation between China and South Korea, he said, adding that it also affects direct Korean investment in China and bilateral trade.

At present, Zheng said, South Korean investors are providing capital mainly for setting up medium- and small-sized firms in China. But the number of large projects funded by South Korea is small and most Korean-backed firms are in the labour-intensive processing industries.

According to CCOIC, statistics, by the end of last year China had approved a total of 82 Korean-funded projects with pledged investment of \$108 million.

Last year alone, 46 projects with Korean investment of \$59 million were approved in China. The figure was 20 percent up on the combined numbers for 1988 and 1989.

Zheng said that despite the limited scale of the South Korean projects in China, major Korean industrial companies had shown "keen interest" in investing in the country.

The latest move will be from the Hyundai Business Group, a Korean manufacturing giant, he said. It is to send a high-powered delegation, headed by Korean business tycoon Chung Juyung, Hyundai's honorary chairman of the board, to Beijing this weekend for talks with the Chinese business community.

According to Chinese customs figures two way trade for the first five months of this year totalled \$1.03 billion. China exported \$726 million worth of goods, 136 percent up on the previous January-May period, and imported \$309.9 million of goods, 35 percent up.

Last year, direct trade between China and South Korea totalled \$1.9 billion, with China exporting \$680 million worth of goods.

China mainly exports coal, crude oil, oil products, textiles, non-ferrous metals, chemical products, steel, cement and farm produce. The imports include chemical fibres, electronic products, leather, steel, paper and cotton garments.

Kim Il-song Welcomes Sihanouk SNC Presidency

OW1807170591 Beijing XINHUA in English
1629 GMT 18 Jul 91

[Text] Pyongyang, July 18 (XINHUA)—President Kim Il-song of the Democratic People's Republic of Korea (DPRK) today congratulated Samdech Norodom Sihanouk on his election as president of the Supreme National Council (SNC) of Cambodia.

In a telegram to Samdech Sihanouk, who was elected to the post on Wednesday at the end of a two-day SNC working meeting in Beijing, Kim Il-song said the election signified "sincere trust and expectations" by the Cambodian people.

Chaired by Norodom Sihanouk, the SNC had adopted a series of active measures aimed at ending the Cambodia issue politically, and the Korean people felt very happy with the result, the telegram said.

The congratulations expressed confidence that the SNC would be able to achieve national reconciliation and peace at an early date, and build a new country characterized by unity, independence and non-alignment.

Further Reports on Sihanouk, Hun Sen in DPRK

OW2107013991 Beijing XINHUA in English
0054 GMT 21 Jul 91

[Text] Pyongyang, July 20 (XINHUA)—Samdech Norodom Sihanouk, chairman of the Supreme National Council (SNC) of Cambodia arrived here Saturday on a special plane provided by China.

He was accompanied by his guest, Hun Sen, chairman of the Council of Ministers of the Hanoi-backed Phnom Penh regime.

Hun Sen is also a member of the SNC, the unique legitimate body and source of authority in which, throughout the period of transition, the independence, sovereignty and unity of Cambodia is embodied.

They were greeted at the airport by DPRK Vice-President Yi Chong-ok and Vice-Premier Kim Yong-nam.

Kim Il-song Banquet Remarks

OW2307035191 Beijing XINHUA in English
0153 GMT 23 Jul 91

[Text] Pyongyang, July 23 (XINHUA)—President Kim Il-song of the Democratic People's Republic of Korea (DPRK) has said here that all Cambodian parties should unite and bring the people to rally around the leadership of Samdech Norodom Sihanouk to rebuild Cambodia into a independent, neutral and non-aligned nation.

The president made the remarks on Sunday at a banquet in honor of visiting Chairman of the Supreme National Council (SNC) Sihanouk, the official KCNA news agency reported.

KCNA quoted Kim Il-song as saying that Korea sided with and will continue to firmly side with the Cambodian people, adding that his country will "actively support" SNC's policy of neutrality and non-alignment and work with Cambodia for world peace.

Kim said he feels "very happy" to make acquaintance with Hun Sen who accompanied Samdech Sihanouk on the visit, saying "though this is our first meeting, we'll be friends hereafter."

Samdech Sihanouk expressed his appreciation of Korea's backing to the struggle of Cambodian patriots for national reconciliation and peace, independence, freedom, sovereignty and territorial integrity.

He said his country has found a "concrete solution" to the Cambodian issue thanks to the successful conferences in Phatthaya and Beijing.

Cambodia and its people now will start the arduous and immense work of national reconstruction after peace is restored to the country, Samdech Sihanouk noted, adding that he believes the Korean party and government will "cooperate with and assist" his country in its reconstruction drive.

The SNC chairman stressed that unified Cambodia will stand on the side of the DPRK and its people and actively back their initiatives designed to achieve national reunification.

Sihanouk arrived here on July 20 accompanied by Hun Sen, member of the SNC. This is his first Korea visit following his election as chairman of the SNC.

Hun Sen Departs Pyongyang

*OW2307020491 Beijing XINHUA in English
0023 GMT 23 Jul 91*

[Text] Pyongyang, July 23 (XINHUA)—Hun Sen, member of the Supreme National Council (SNC) of Cambodia, left here on Monday after concluding his first tour to the Democratic People's Republic of Korea (DPRK).

Hun Sen, who is also prime minister of the Hanoi-backed Phnom-Penh regime, arrived here on July 20 as a guest of SNC Chairman Samdech Norodom Sihanouk. During his three-day visit, Hun Sen was present on both occasions of Sihanouk's meeting with DPRK President Kim Il-song and the banquet given by Kim in Sihanouk's honor.

Reports on DPRK Friendship Delegation's Visit

Talks With Zhejiang Governor

*OW2307040391 Hangzhou ZHEJIANG RIBAO
in Chinese 16 Jul 91 p 1*

[Text] At the invitation of the Chinese People's Association for Friendship with Foreign Countries, a delegation from the Korean-Chinese Friendship Association, headed by Yi Cha-pang, member of the Korean Workers Party Central Committee, president of the National

Science and Technology Commission, and president of the Korean-Chinese Friendship Association, arrived in Hangzhou for a visit on 14 July.

Ge Hongsheng, deputy secretary of the Zhejiang provincial party committee and governor of Zhejiang, met and feted the delegation at the Xizi Guest House last evening. The governor briefed the visitors on Zhejiang's economic development since it followed the reform and open policy. Yi Cha-pang praised Zhejiang for the success it has achieved in socialist modernization.

Wang Jiayang, president of the Zhejiang Provincial Association for Friendship With Foreign Countries, and Zhao Jiafu, Xu De, and other leading members of relevant groups were present at the meeting and the banquet.

The delegation came to Hangzhou for a visit after attending the celebrations in Beijing to mark the 30th anniversary of the signing of the China-Korea Treaty of Friendship, Cooperation, and Mutual Assistance.

Wan Li Meets Group

*SK2207085291 Beijing Radio Beijing in Korean
1100 GMT 21 Jul 91*

[Text] Comrade Wan Li, chairman of the Standing Committee of the National People's Congress of China, met a delegation of the Korea-China Friendship Association led by Yi Cha-pang, member of the Central Committee of the Workers' Party of Korea, chairman of the State Science and Technology Committee, and chairman of the Korea-China Friendship Association, in Beijing on the morning of 20 July.

At the meeting, Comrade Wan Li said that China is very interested in the issue of Korean reunification. He said that the Chinese Government supports President Kim Il-song's plan on the peaceful reunification of Korea and hopes that the North and South of Korea will make joint efforts to realize peaceful reunification at an early date. Comrade Wan Li said that this is beneficial not only for the development of Korea but for the preservation of peace in Asia and the world.

At the meeting, Yi Cha-pang, head of the delegation, highly praised the Chinese people's success in socialist construction and expressed consolation on the damage caused by floods in some regions of China, adding that he hopes the Chinese people will recover from the flood damage as quickly as possible.

Comrade Wan Li expressed gratitude to Korea for its material assistance in connection with the flood damage in China.

Liaoning Delegation Returns From DPRK 20 Jul

*SK2107055391 Shenyang Liaoning People's Radio
Network in Mandarin 2200 GMT 20 Jul 91*

[Text] At the invitation of the North Pyongan Provincial Administrative and Economic Guidance Committee of

the DPRK, the Liaoning provincial goodwill delegation headed by Peng Xiangsong, vice chairman of the Liaoning Provincial Chinese People's Political Consultative Conference [CPPCC] Committee, paid a friendly visit to the Korean province and also attended the celebration of the 30th anniversary of the Sino-DPRK Treaty of friendship, cooperation, and mutual assistance.

After concluding their visit in the Korean province, the delegation returned home by train on the afternoon of 20 July. Greeting the delegation at the railway station were Shen Xianhui, vice chairman of the provincial CPPCC committee; (Xu De), deputy director of the general office under the provincial people's government; and (?personnel) from the DPRK Consulate General in Shenyang.

North, South Korean Premiers To Meet

OW2007021191 Beijing XINHUA in English
0112 GMT 20 Jul 91

[Text] Pyongyang, July 19 (XINHUA)—Liaison men from the two sides of Korea met on Friday to prepare for the 4th North-South meeting of premiers.

The KOREA CENTRAL NEWS AGENCY said the meeting was held in the unification pavilion located on the northern side of the truce village of Panmunjom.

The 4th North-South high level meeting, scheduled to open in Pyongyang last February, was postponed after South Korea and the United States launched their annual joint military maneuver code-named "Team Spirit."

On July 11, DPRK Premier Yon Hyong-muk proposed that the high level meeting be resumed on August 27. South Korea has reportedly accepted the proposal.

Radio Seoul reports monitored here said that during Friday's meeting of the liaison men, the two sides exchanged the lists of names of delegation members who will attend the high level meeting.

They also probably discussed how to jointly celebrate liberation day on August 15, the date which marks Korea's liberation from 35 years (1910-45) of Japanese colonial rule, Radio Seoul added.

DPRK Willing To Stage Joint Liberation Rally

OW2107061691 Beijing XINHUA in English
0531 GMT 21 Jul 91

[Text] Pyongyang, July 20 (XINHUA)—Pyongyang is willing to celebrate the 46th anniversary of Korean Liberation Day jointly with Seoul on August 15, staging commemorative activities proposed by both sides.

This hope was expressed by Yun Ki-pok, chairman of the North side's headquarters of "Pan-National" Alliance for Reunification of Korea, in his telephone call today to Choe Ho-chung, South Korean vice prime minister and national unification minister.

A success in the proposed joint celebrations, Yun Ki-pok said, will "undoubtedly bring about a new situation conducive to the national reconciliation and unity and to the peaceful reunification of the fatherland."

Pyongyang proposed that the activities include the second pan-national rally and celebrations by young students of both sides, while Seoul suggested a cross-land marches by thousands of people.

Yun Ki-pok also proposed that preparatory talks be held in Seoul on July 25. He appealed to the Seoul authorities to release those arrested for involving in the proposed second pan-national rally.

DPRK, Japan Agree on New Beijing Talks

OW2107014091 Beijing XINHUA in English
0031 GMT 21 Jul 91

[Text] Pyongyang, July 20 (XINHUA)—The Democratic People's Republic of Korea (DPRK) and Japan are to hold the 4th round of formal talks on how to normalize their diplomatic relations.

The KOREA CENTRAL NEWS AGENCY said that a consensus on holding the talks in Beijing in late August had been reached during the July 9-13 visit to Pyongyang by a Japanese Foreign Ministry delegation.

The third round of formal talks, which were held in Beijing on May 20, failed to come to any agreement because of an impasse on the issues of United Nations membership for both parts of Korea and the signing of a nuclear security agreement by the DPRK.

However, this upcoming round of talks are expected to make headway as the DPRK has now applied for its own U.N. membership and has initialed an agreement with the International Atomic Energy Agency.

DPRK had for long time insisted that both parts of Korea share a single U.N. seat and that U.S. nuclear weapons allegedly kept in South Korea be removed before it could allow international inspections of its nuclear facilities.

Joint Japanese Projects Prove Successful

OW2107193291 Beijing XINHUA Domestic Service
in Chinese 0557 GMT 19 Jul 91

["After Joint Inspection of Economic Cooperation Projects, China and Japan Maintain That Tremendous Results Have Been Achieved on Sino-Japanese Economic Cooperation"; by RENMIN RIBAO reporter Ban Mingli (3803 2494 7787) and XINHUA reporter Zhang Jinsheng (1728 6930 0524)—XINHUA headline]

[Text] Beijing 19 Jul (XINHUA)—With a view to further promoting and expanding funds and technical exchanges between the Chinese and Japanese governments and between private sectors of the two countries, the PRC State Council's Development and Research

Center and the Japanese Embassy in China recently organized a joint economic cooperation project inspection team to conduct on-the-spot inspections for some of the projects carried out either under Japanese Government loans or nonrepayment aid. Both the Chinese and Japanese members of the team maintained that these cooperation projects have been going on smoothly and have scored great success.

Japan is the country that has provided China with the largest government loans, nonrepayment aid, and direct investment. From early 1979 to the end of 1990, government loans and nonrepayment gift funds extended by Japan to China amounted to 1.056528 trillion yen, of which 63.104 billion yen were nonrepayment gifts. Of these funds, all government loans went to 32 economic infrastructure projects, covering highways, railways, harbors, dams, communications, and agricultural development projects that help enhance nationwide or regional productivity. The nonrepayment gift funds were utilized in 44 medical, educational, cultural, and environmental improvement projects, which, although nearly nonprofit-making, directly raised the people's standard of living.

Organized for the first time by the PRC and Japan, these inspection tours were primarily aimed at summing up cooperation experiences and studying problems to further improve the investment environment, raise economic returns on investments, and enhance social efficiency for future cooperation projects. The Japanese participants in the inspection team were Yoshihisa Ara, the Japanese envoy to the PRC, and other embassy officials; representatives from Japan's International Cooperation Agency, the Japan Overseas Economic Cooperation Foundation, the Japan Export-Import Bank, and the Japan External Trade Organization. On the Chinese side, members included responsible persons of departments under the State Council's relevant ministries and commissions and reporters from the capital's 11 news media organizations. The inspection team covered the following: The Sino-Japanese Youth Exchange Center, the Sino-Japanese Friendship Hospital, the Soong Ching Ling Children's Scientific Park, the Beijing Vegetable Research Center, the Beijing-Qinghuangdao Electric Railway, the Datong-Qinghuangdao Railway, Qinghuangdao Harbor's Coal Wharf and Bingding Wharf, the Japanese Preparatory School of Northeastern Teachers' University, the Chinese-Japanese People's Friendship Water Plant in Changchun City, the Bethune Medical University's Sino-Japanese Friendship Hospital, Dalian's Animals and Plants Quarantine Institute, and the Dalian Economic and Technological Development Zone. Both the Chinese and Japanese team members were deeply impressed by the success of these projects and their noted social efficiency and economic returns.

The characteristics of Sino-Japanese economic cooperation projects were, first of all, the scientific and rational project selections that met the needs of China's state conditions and its "four modernizations drive." For instance, key construction projects involving the extension of the 273-km Beijing-Qinghuangdao Electric Railway, the new electric railway construction project

connecting Dashizhuang and Qinghuangdao as part of the Datong-Qinghuangdao Railway, and the Qinghuangdao Harbor expansion project have contributed significantly to transporting Shanxi's coal to China's coastal areas, and enhancing China's coal-exporting capability. Of total volume of coal transportation in 1990, the Beijing-Qinghuangdao Electric Railway, an 86.4 billion yen investment, transported 20.6 percent of Shanxi's outgoing coal. This year, the figure is targeted for 53 million metric tons, drastically raising the railway transportation capability between Beijing and Qinghuangdao, which has become saturated since early 1980. Constructed with a 27.785-billion-yen loan extended by the Japanese Government, the completion of Qinghuangdao's coal wharf has made this long-existing harbor the largest energy-exporting harbor in the world, with such modern facilities as a belt conveyor and automatic unloading. Again, renovated with a Japanese Government loan of 18.41 billion yen, the electric railway between Dashizhuang and Qinghuangdao, part of the Datong-Qinghuangdao railway, will be completed next year. Qinghuangdao's Bingding Wharf renovation project, carried out with a 22-billion-yen Japanese loan, has been partially completed, with five wharfs already operational and the rest to be completed next year. All these key communication infrastructure projects will play an increasingly important role in China's economic development and have a bearing on China's national economy and the livelihood of its people.

Another salient feature of Sino-Japanese economic cooperation is the social benefit produced by a number of projects, which have not only actively improved the Chinese people's living standards but also promoted friendship between the Chinese and Japanese people. The Chinese-Japanese People's Friendship Water Works in Changchun City, currently being built with a donation of 3.011 billion yen, will solve the problem of drinking water for more than 200,000 residents, with Japan's supply of 180,000 cubic meters of high-quality water based on the standard of developed countries. After the second-phase construction is completed next year, the water works, so far the most advanced in China, will supply high-quality water to half of the city's residents. As of the end of 1990, the Sino-Japanese Friendship Hospital in Beijing had already given out-patient treatment to 1.54 million and in-patient hospitalization to 62,000, thus playing an active role in alleviating the shortage of medical facilities in Beijing Municipality. At the Beijing Vegetable Research Center, a Sino-Japanese cooperative project subsidized by a 1.067 billion yen donation from Japan, Japanese and Chinese experts have used 550 sets of imported advanced scientific research equipment in jointly breeding "Jingxin No 1" watermelons. This is a fine strain of fast-growing large watermelons with sweet and crispy fruit meat, containing over 10 percent sugar, and it is grown on 120,000 mu of fields throughout the country. These cooperative projects have produced tangible benefits to the Chinese people and further enhanced Sino-Japanese friendship.

During the inspection, the inspection team on Japanese-Chinese economic cooperative projects noted with delight that the success of these projects is the result of joint efforts by both sides and is inseparable from the active assistance and cooperation of the Chinese Government and people. In the course of constructing these projects, the Chinese Government basically invested the same amount of funds as the Japanese side, and Chinese departments and local governments went all-out to chip in funds, adopt support policies and preferential treatment, and build auxiliary infrastructure. While building the Beijing-Qinhuangdao and Datong-Qinhuangdao Railways, the Ministry of Railways recruited top-notch construction workers and Hebei and Shanxi provinces and Beijing Municipality also provided all kinds of support; while constructing the Sino-Japanese Friendship Hospital and Sino-Japanese Youth Exchange Center, the Beijing Municipal Government promptly approved the applications for land requisition, relocation of buildings, and the construction; and while building the Sino-Japanese People's Friendship Water Works in Changchun and the Bethune Medical University's Sino-Japanese Friendship Hospital, Jilin Province gave a full guarantee in terms of manpower, financial resources, and building materials. All of these laid solid foundations for completing the cooperative projects on schedule and their operation with good results.

According to briefings by the cooperative departments from the Chinese side, advanced technology, which Chinese personnel learned from Japanese experts in the course of constructing Sino-Japanese cooperative projects, has enhanced the level of the Chinese side in a few areas of scientific research. In medicine and vegetable research, Chinese experts studied and assimilated Japan's advanced technology in completing a number of research projects

rated at the advanced level at home and abroad. Furthermore, the Chinese people are deeply impressed with the work attitude of members of Japan's Overseas Assistance Team who took part in the cooperative projects.

Chinese members of the inspection team on Japanese-Chinese economic cooperative projects expressed the belief that to further strengthen and expand economic and technical cooperation between China and Japan is a demand of both countries. The two sides should especially continue to "apply water and fertilizer" to the growing saplings, i.e., existing cooperative projects, so that they will grow sturdily and bear plenty of fruit. The Japanese side should continue to support and assist these projects so that they will further improve and develop healthily. It is hoped that Sino-Japanese economic and technical cooperation will further develop in depth and breadth, and that the Japanese side will continue to support, in particular, China's major economic construction projects with capital and technology.

NPC's Chen Muhua Meets Mongolian Visitors

*OW2007143991 Beijing XINHUA in English
1334 GMT 20 Jul 91*

[Text] Beijing, July 20 (XINHUA)—Chen Muhua, vice-chairman of the Chinese National People's Congress (NPC) Standing Committee, met with a delegation from the permanent commission for women, children and youth of the Small Hural of Mongolia here this evening.

The delegation, led by L. Hatanbatar, chairman of the permanent commission for women, children and youth, arrived here yesterday as guests of the NPC financial and economic committee and the NPC committee for internal and judicial affairs.

Political & Social

Yang Shangkun Inscribes Scholarship Award

OW2007060491 Beijing XINHUA Domestic Service
in Chinese 1244 GMT 19 Jul 91

[By GUANGMING RIBAO reporter Zhang Bingsheng (1728 3521 0581) and XINHUA reporter Feng Yingbing (7458 3841 0393)]

[Text] Beijing, 19 July (XINHUA) —A ceremony to present 1991 scholarships to middle school students awarded by BAN YUE TAN was held in Beijing today.

Li Desheng and others attended the ceremony.

Two hundred forty-nine students from 29 provinces, municipalities, and autonomous regions received BAN YUE TAN's scholarships for middle school students. They are all outstanding and all-around students who excel in moral character, intelligence, physical fitness, and artistic and labor performance. Among them are the "Little Hero of China," who has been received by central leaders, gold medalists in the international Olympic mathematics games, and a "Little Writer" who has published two poetry anthologies.

BAN YUE TAN's publishers have used their own funds to establish this scholarship for middle school students, the first of its kind in the country. Since its inception in 1988, this annual award has been conferred on 719 outstanding middle school students. Public opinion unanimously holds that this is a good deed of boundless beneficence for 50 million middle school students.

This activity has enjoyed the support of party committees and education departments in various localities, as well as the attention of central leaders, since its inception. President Yang Shangkun has written an inscription "May you grow up to be a useful person" for the certificate accompanying the scholarship for middle school students.

Filming of a special television movie entitled "May You Become A Useful Person," based on the deeds of the winners of this award for middle school students, will commence shortly.

Yang, Jiang, Deng Inscribe '18 September' Books

OW2007165391 Beijing XINHUA Domestic Service
in Chinese 0709 GMT 20 Jul 91

[By reporter Dong Jianzhen (5516 6432 4176)]

[Text] Shenyang, 20 Jul (XINHUA)—Comrades Jiang Zemin, Deng Xiaoping, and Yang Shangkun respectively inscribed and wrote the title of the *Collection on the '18 September' Incident* recently. The collection, the first of its kind in our country, is to come off the press soon.

The Liaoning People's Publishing House compiled and published the large collection to mark the 60th anniversary of the "18 September" Incident.

Comrade Deng Xiaoping, who is at the advanced age of 87, personally wielded his writing brush to write the title of the collection. General Secretary Jiang Zemin's inscription for the collection reads: "Study China's modern and contemporary histories and strengthen socialist education on patriotism." President Yang Shangkun's inscription reads: "Past experience, if not forgotten, is a guide for the future."

The large *Collection on the '18 September' Incident* is in six volumes and contains over 2 million characters. The collection utilizes previously unpublished precious historical data. It expounded the historical truth concerning the "18 September" Incident in a comprehensive, systematic, accurate, and authoritative way. The collection contains such materials as "The Pictorial Chronicles on the '18 September' Incident," a chronicle full of pictures and writings, "The Actual Record of the '18 September' Incident," an academic monograph that reflects the latest academic achievements in the study of the "18 September" Incident by China or other countries, and "The History on the War of Resistance during the '18 September' Incident," a monograph on war history that fills gaps in the study of China's contemporary military history. The collection also contains "The History on Japan's 40 Years of Occupation of Luda," which systematically and comprehensively expounds, for the first time, how Japan occupied Luda for 40 years, and "The Japan and Northeastern China Before and After the '18 September' Incident—A Selection and Compilation of the Putie Secret File," which reveals, for the first time, documents listed as top-secret and secret in the Putie File.

Deng's Assistant Reportedly Yang Shangkun's Son

HK2007055091 Hong Kong SOUTH CHINA
MORNING POST in English 20 Jul 91 p 11

[By Willy Wo-lap Lam]

[Text] The son of President Mr Yang Shangkun has become the head of the personnel office of senior leader Mr Deng Xiaoping, according to Chinese sources.

Mr Yang Shaoming, a photographer by profession, functions as the patriarch's executive secretary and aide-de-camp in his new post.

Having retired from all positions of power, Mr Deng seldom attends official meetings, including Politburo gatherings.

However, the patriarch often passes along instructions on major policies to party and government leaders and the head of the Deng office acts as the conduit between the octogenarian and the outside world.

At the same time, Mr Yang has been named head of the Deng Xiaoping archives, which collects speeches, articles, and pictures related to the Deng family.

Analysts say Mr Deng has picked Mr Yang Shaoming because of his apparent lack of political ambition. As head of the Chinese Photographers' Association, Mr Yang has travelled widely in Hong Kong and Southeast Asia. He has, however, never occupied any party or government office.

Political analysts in the capital say the appointment confirms the close ties between the Deng and Yang's daughter Ms Yang Li is on good terms with Mr Deng's youngest daughter Ms Deng Rong.

Since the June 4 crackdown, Ms Deng has served as the patriarch's personal secretary. She also acts as "lip-reader" because the octogenarian can no longer speak clearly.

Last year, Ms Deng and Ms Yang made a highly-publicised trip to Tokyo as guests of the Sasakawa foundation.

And the two women together had a meeting with the former Japanese prime minister, Mr Noboru Takeshita, during his visit to Beijing earlier this year.

"Access is all important in Chinese politics," a Chinese source said. "Members of the Yang family can call on the Deng house any time they like."

"Before June 4, 1989, top leaders including (Premier) Li Peng, had to make appointments to see Deng. Since then, the old man has stopped seeing 'third-generation' leaders."

Analysts say even though President Yang is due to retire at the 14th party congress next year, he will continue to wield power behind the scenes.

Li Tieying Tours Jiangxi, Speaks on Education

HK2007080691 Nanchang Jiangxi People's Radio
Network in Mandarin 1000 GMT 13 Jul 91

[Text] While making an inspection tour in our province, Li Tieying—member of the Political Bureau of the CPC Central Committee, state councillor, and minister of the State Education Commission—pointed out: Education should serve local economic construction and be integrated with the prosperity and happiness of the people. We should attach importance to and vigorously develop technical and vocational education, and should train builders of the new generation for socialist construction.

Accompanied by provincial party Deputy Secretary Zhu Zhihong, on 6-12 July Li Tieying: Public Health Minister Chen Minzhang; Liu Bin, vice minister of the State Education Commission; and others inspected 11 counties and cities, including Jian, Jinggangshan, Ganzhou, Ruijin, Wuzhou, Nanchang, and others.

Despite extremely hot weather, Comrade Li Tieying and others went deep into schools and hospitals to conduct investigations and studies, and to talk cordially with cadres, teachers, students, and medical workers. Throughout their journey, they listened to work reports on educational and public health work in various localities.

Li Tieying paid close attention to the development of educational undertakings in the old liberated areas. He pointed out: We should use various forms to run vocational and technical education well at all levels and through various channels, and gradually should establish a system of vocational education for training builders of the new generation. We should open up a new way for developing vocational and technical education with Chinese characteristics. Those who master the education of the 21st century will have their future in their hands. Jiangxi's prospects for development are mainly determined by whether it can train a large contingent of builders of the new generation for socialist construction. [passage indistinct]

On 7 July, the first day of the university entrance examination, Comrade Li Tieying and others came to Jinggangshan Secondary School to visit candidates and supervisors of the examination. Li Tieying encouraged candidates by saying: You should be cool-headed and attentive to score good marks.

In Ganzhou's Secondary School Number One, Li Tieying visited the family of a teacher named Guo. He inquired in detail about his salary and his family life. Li Tieying inspected a modernized teaching hall in the Nanfeng County's Secondary School Number One, and asked about the teaching in the school. After that, he said: Those who have the best schools will have the best future. Thanks to the concern shown by central leading comrades, great changes have taken place in the Ruijin's Secondary School Number One. Li Tieying was very pleased with it. He and teachers of the school had a picture taken together at the school entrance beside Deng Xiaoping's inscriptions.

Li Tieying paid special attention to the improvement of the health condition of the people in the old liberated areas, and particularly to the work of preventing and curing snail fever in Jiangxi. At a prevention and cure station in Nanchang County, he visited and expressed his sympathy for more than 30 people who were suffering from snail fever. While talking with medical workers at the station, Li Tieying said: Thanks to the concern of leaders at all levels over the past two years, great achievements have been made by Jiangxi and other contaminated areas in preventing and curing snail fever. However, the task of eliminating and preventing snail fever is very strenuous. We should still devote great efforts to firmly grasping the implementation of our measures. We should take resolute measures, formulate overall planning, carry out comprehensive management, and persist in our work for a long time. We should serve the people wholeheartedly, forge close links with the masses, and bring the warmth of the party to the people. We should strengthen the propaganda and education work of preventing and curing snail fever, and mobilize people of the whole area to become fighters against the disease.

Li Tieying and his party also paid a visit to old revolutionary sites in the old liberated areas of Jinggangshan

and Ruijin, and inspected construction in these areas. They also presented wreaths at the graves of revolutionary martyrs.

During the inspection tour, Li Tieying and Chi Haotian, member of the Central Military Commission and chief of General Staff of the Chinese People's Liberation Army who was inspecting the Nanchang Ground Force Academy, listened to work reports by leaders from provincial CPC Committee and government, including Mao Zhiyong, Wu Guanzheng, Liu Fangren, Zhu Zhihong, Ma Shichang, Chen Guizun, and others. They fully affirmed the achievements made by Jiangxi Province in economic construction, education, and public health undertakings.

During his stay in Nanchang, Li Tieying attended a 1991 graduation ceremony at the Nanchang Ground Force Academy and another ceremony marking the completion of military training course for students of Fudan University which started in 1990.

Central Government To Give Tibet Greater Autonomy

HK2207025091 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0852 GMT 21 Jul 91

[Report: "Tibet To Be Given Greater Autonomy"—ZHONGGUO TONGXUN XHE headline]

[Text] Lhasa, 21 Jul (ZHONGGUO TONGXUN SHE)—This reporter has learned from relevant departments that Tibet will be given greater autonomy. The "Autonomous Regulations for the Tibet Autonomous Region," a law now being drafted by the Tibet People's Congress Standing Committee, will define a series of special policies and flexible measures to be implemented in Tibet. When drafting is complete, it will be submitted to the National People's Congress [NPC] for examination and approval.

The purpose of drafting the "Autonomous Regulations for the Tibet Autonomous Region" is to codify and substantiate the autonomous powers and a series of special policies and flexible measures which the central government has bestowed on the region to earnestly implement and perfect the Tibet regional autonomy rule.

It has been reported that the proposal to draft the "Autonomous Regulations for the Tibet Autonomous Region" was first made by the late Bainqen in mid-1986. Master Bainqen pointed out on numerous occasions that the fundamental way to resolve the problem of Tibet was to earnestly implement and perfect the regional autonomy rule in Tibet. Master Bainqen's proposal won the approval and support of the Chinese Government leadership. As a result, preparatory work for the drafting of the autonomous regulations started in a comprehensive way by the end of 1986. However, drafting of the regulations was suspended because of the frequent disturbances stirred up in Lhasa in 1987 and the martial law imposed after the riot, the largest of its kind since 1959, which took place following Bainqen's death in early 1989. Thanks to the personal interest shown by the

Chinese Government leadership since the beginning of this year, marked progress has been made in drafting the regulations. It is likely that the law will be submitted to the NPC early next year for examination and approval.

Reports on Flooding, Countermeasures Continue

Tian Jiyun Inspects Hubei

HK2007081091 Wuhan Hubei People's Radio Network in Mandarin 1130 GMT 19 Jul 91

[Excerpts] At a critical moment when people of our province are going all-out to throw themselves into the drive to combat floods and provide disaster relief Tian Jiyun, vice premier of the State Council and head of the State Flood Control Headquarters; State Councillor Chen Junsheng; Li Changan, deputy secretary general of the State Council and deputy head of the State Flood Control Headquarters; and relevant responsible comrades from the Ministries of Civil Affairs, Finance, Water Resources, and others, came to our province's flood-fighting and disaster-relief frontline to inspect facilities for combating floods. They expressed their sympathy and solicitude for the party, government, and military leaders, for the people who are fighting on the flood-fighting and relief frontline, and for the victims of the disaster. They encouraged them to carry forward the spirit of continuous fighting, and to make further preparations for combating and resisting serious floods so as to win a complete victory in combating floods and providing disaster relief.

At 1000 on 17 July, when Tian Jiyun, Chen Junsheng, and responsible comrades from relevant ministries and commissions under the State Council disembarked from their plane—accompanied by provincial party Secretary Guan Guangfu, provincial Governor Guo Shuyan, and provincial Vice Governor Li Daqiang—they endured the hardship of a long journey to rush to the (Longwangmiao) sector in Wuhan city, a Chang Jiang headquarters for combating floods, and to (Zhangjundi). Leaders of the province and of the city of Wuhan briefed them in detail on the measures for dealing with the dangerous situation. After listening to reports and seeing this dangerous situation with his own eyes, Tian Jiyun with great concern told the main provincial and city leaders present: We should make a prompt decision to overcome this dangerous situation. [passage omitted]

Tian Jiyun told a secretary of a village party branch: The more difficulties we encounter, the more we should do to strengthen party work. We also should do painstaking ideological work. We should also pay attention the role of fighting bastions of party organizations, and to the vanguard and exemplary role of party members. As long as we can do all this work well, we can overcome difficulties more quickly. He particularly emphasized: Special policies should be implemented in seriously flooded areas to help the people there get over their difficulties and restore production at an early date. [passage omitted]

On the morning of 18 July, Tian Jiyun and his party went to the (Guanyinji) and (Guanyinse) sectors of the Jin Jiang Dike to conduct an on-the-spot inspection. After listening to reports by officials of Jingzhou Administrative Office, Tian Jiyun said: You have done a pretty good job in combating floods. I hope you will further increase the strength of guarding and defending the dikes to ensure that there is no danger of anything going wrong. [passage omitted]

Throughout their journey, Tian Jiyun, Chen Junsheng, and other leading comrades also listened to reports by leaders from provincial CPC Committee, provincial government, the cities of Wuhan and Shashi, and Jingzhou prefecture on the situation of combating floods and providing disaster relief. Tian Jiyun stressed: The present water level of Chang Jiang is comparatively high. The water level from here to Nanjing sector has exceeded a warning line. Under such circumstances, if torrential rains occur again on the upper reaches of Chang Jiang and Han Jiang, as well as Dong Ting Hu, serious floods might possibly happen in the middle and lower reaches of Chang Jiang. We should never be negligent of this. We should believe that floods might occur rather than neglecting them. We should carry forward the spirit of continuous fighting, further mobilize the masses, and do well the various kinds of preparatory work for dealing with floods on the Chang Jiang.

While discussing the present disaster-relief work, Tian Jiyun pointed out: Governments at all levels should further consolidate and strengthen their leadership, take forceful measures, and firmly grasp the work of providing people in the floods areas with food, lodging, and medical service so as to prevent and cure diseases. Food and money should be provided to each and every household as early as possible. The supply of daily industrial goods for flooded areas, which are badly needed, should be guaranteed. Measures should be taken to ensure the stability of goods prices. We should pay attention to supplying clean drinking water and preventing the spread of infectious diseases. We should maintain social order in flooded areas, and deal heavy blows at illegal and criminal elements to ensure a good social environment. Relevant departments in charge of rendering service for the work of combating floods and providing relief should simplify their working processes with a sense of responsibility, enhance their work efficiency, and do well various work of distributing and allocating funds, goods and materials, and energy needed in combating floods. Leading cadres and communist party members at all levels should carry forward the communist spirit of enthusiastically supporting those who are in difficulty to assist flooded areas. In the course of making arrangements for the livelihood of the victims of the floods, we also should start the work of restoring production and rebuilding the homeland. We should actively organize masses in flooded areas to carry out production for self-relief. The loss of summer grain should be recovered through boosting fall grain production. The

loss of agriculture should be recovered through promoting industrial and side-line production. We should do our best to minimize the loss caused by the disaster.

Li Peng Sees Jiangsu, Zhejiang

OW2207185091 Beijing XINHUA Domestic Service
in Chinese 1200 GMT 22 Jul 91

["Premier Li Peng Inspects Disaster-Stricken Areas in Jiangsu, Zhejiang: by reporters Yin Xuecheng (3009 1331 2052) and Zou Aiguo (6760 1947 0948)"]—XINHUA headline—from the Local Broadcast News service]

[Text] Nanjing, 22 Jul (XINHUA)—After inspecting the disaster situation in Anhui Province, Premier Li Peng hurried to Jiangsu Province by helicopter on 21 July to inspect the situation and call on the victims in Xinghua and Changzhou Cities who had been hit by disastrous flooding. He extended cordial regards to the masses and cadres in the stricken areas on behalf of the party Central Committee, the State Council, and General Secretary Jiang Zemin.

Situated between the Chang Jiang and Huai He, the Lixia He area has suffered considerable damage as a result of consecutive rainstorms since the latter part of May. As soon as he alighted from his helicopter, Li Peng immediately travelled by car to Kongdai Township, the worst-hit area. In the car he saw that despite the fact that farms, streets, and factories had been inundated, the masses were still working hard, trying to restore production by building dams, draining water, and rush-planting autumn rice in disregard of the summer heat. Shen Daren, secretary of the Jiangsu provincial party committee, and Chen Huanyou, governor of Jiangsu, told Li Peng that despite the flooding in Xinghua, nobody drowned and nobody starved to death. The victims' morale remains stable. The party's policy to enable people to become prosperous and the reform and opening to the outside world of the past decade have brought about great changes here. Xinghua's expanded collective economy has created a material foundation for resisting natural disasters.

Li Peng inquired in detail about the living conditions of the victims who were temporarily living in small boats. They told the premier: Faced with such a serious disaster, we would have been dead a long time ago if we had not relied on the help of the party and on collective strength!

Mayor of Yangzhou City Jiang Yongrong informed the premier: Although Yangzhou was hit by exceptionally serious flooding, the people still felt secure because they had some grain reserves. Moreover, the state also had enough grain reserves. A saying goes: When one section of the country is hit by a natural disaster, assistance arrives from all corners. Natural disasters are ruthless, but people are caring human beings. The 9 million people in all of Yangzhou Prefecture are the relatives and friends of the victims. During the struggle to combat floods and rescue victims, we relied on collective strength. This made the masses understand more clearly

the superiority of the socialist system, believe more firmly in the leadership of the party, and understand still better that the People's Liberation Army is a wall of iron and steel not only for defending the motherland but also for resisting natural disasters.

Briefing the premier on the work of combating floods and rescuing victims, Jiang Yongrong said that the people in the prefecture are focusing on this central task and have been mobilized to do work in all areas well while stressing the three priorities—controlling flood by strengthening dikes, saving themselves through production, and making arrangements for the victims' livelihoods. Li Peng said: You have done well by mobilizing the masses to save themselves by restoring production. Now we must seize the minute and the second to do everything we can to keep damage minimal.

In a thatch shack by the side of river, Li Peng joined local cadres and masses in discussing ways to improve relief work. Li Peng said: "Although flooding here is serious, the masses of cadres, ignoring hardship, are actively leading the masses to combat disaster in order to restore production. I am convinced you will overcome the disaster and rebuild your homes."

In Changzhou, an important industrial city, a large number of factories and homes were flooded when it was hit twice by flood waters. This resulted in serious economic and social loss. After hearing a report by Chen Yuying, secretary of the city party committee, Li Peng visited factories, victims' placement areas, and small housing areas to get acquainted with production and living conditions in the aftermath of the disaster.

In the Changzhou General Knitwear Plant, where the water has not yet receded, Li Peng waded to the weaving workshop to call on workers laboring on the front line. Li Peng stopped on several occasions and asked whether weaving machines had been damaged, whether production was going on normally, and whether quality has been affected. As he walked out of the workshop, many workers surrounded him, each trying to shake hands with him.

At a victim placement location in Qiyeyan Elementary School, Li Peng asked 76-year-old Ying Changru if he had any difficulties. He replied: "These difficulties for us are nothing compared to the greater difficulties faced by the state. The communist party is one that serves the people, so its kindness is even greater than heaven." Li Peng asked the city leaders to convey his regards to the flood victims.

After completing his inspection in Jiangsu Province, Premier Li Peng, accompanied by Zhejiang Governor Ge Hongsheng, inspected the damaged paddy fields on the outskirts of Jiaxing City, and later he visited peasant families.

Li Peng in Shanghai

OW2307084991 Beijing XINHUA in English
0802 GMT 23 Jul 91

[Text] Shanghai, July 23 (XINHUA)—Li Peng, premier of the State Council, presided over a meeting here Monday to discuss how to improve the work of fighting against floods and helping the people tide over the natural disaster.

Also on the agenda was the harnessing of the Huaihe River and Taihu Lake.

Attending the meeting were leaders of the three provinces of Anhui, Jiangsu and Zhejiang, as well as of Shanghai Municipality. The people who accompanied Premier Li during his recent inspection tour of the flood-ravaged regions were also there, including Secretary-general of the State Council Luo Gan, Minister of Water Resources Yang Zhenhuai, Minister of Civil Affairs Cui Naifu, Minister of Public Health Chen Minzhang and Minister of Railways Li Senmao.

Premier Li arrived in Shanghai July 21 after an inspection tour of the flood-stricken areas in Anhui, Jiangsu and Zhejiang Provinces.

At the beginning of the meeting Premier Li noted that in the past four decades China has made great achievements in the construction of anti-flood facilities. Without these achievements, he stressed, it would have been impossible to protect the lives of so many people, important facilities such as power plants and coal mines, main communications arteries including the Tianjin-Pukou railway and the tens of thousands of ha of farmland during the latest severe floods.

However, he said, it is necessary to be realistic and understand that the present anti-flood facilities are still inadequate.

He pointed out that the meeting aimed to finding out, in the light of the problems in the construction of anti-flood facilities that were brought to light by the floods this year, some methods for bringing flooding under permanent control.

After the participants of the meeting voiced their opinions and suggestions, Premier Li emphasized the following five points:

- Under the leadership of the central committee of the Communist Party of China (CPC) and the State Council great achievements have been made in the fight against the floods and the losses have been reduced to the minimum. This has demonstrated the superiority of socialism.
- Attention should be paid to fighting possibly even worse floods and vigilance should not be slackened. At present, it is necessary to seize the time to lower the water level of the Huaihe River and Taihu Lake.
- Efforts should be made to provide the flood victims with food and housing and to prevent epidemics.

Meanwhile, preparations should be made to resume production after the floods recede.

- Departments concerned, including the state planning commission and the Ministry of Water Resources, should convene a conference and draw up concrete plans for harnessing the Huaihe River and Taihu Lake.
- It is necessary to mobilize the whole nation to help the people in the flood-stricken areas, and donations for the flood-stricken areas should be used wisely.

Song Jian Sees Off Supplies

OW2307031391 Beijing Central Television Program
One Network in Mandarin 1300 GMT 22 Jul 91

[From the "Night News" program]

[Text] Early yesterday morning, two trucks from the State Commission for Science and Technology, fully loaded with supplies for flood relief, set out for Huanggang in Hubei and Liuan in Anhui. The supplies will be delivered to victims of flood-stricken areas in those two prefectures to help them resume production and rebuild their homes.

Song Jian, minister in charge of the commission, saw off the two trucks.

The commission achieved outstanding success in aiding the poor in the Dabie mountain areas through providing them scientific and technological guidance. But the recent flooding has again caused serious losses in the old revolutionary bases in those two provinces. After being informed of the situation, the leaders and staff members of the commission immediately selected cadres and medical workers, along with more than 50,000 yuan, over 47,000 jin of grain, and more than 100,000 yuan of urgently needed medicine, to the flood-stricken areas to help the people there battle the flooding.

Editorial on Water Conservancy

HK2207071791 Hong Kong WEN WEI PO
in Chinese 19 Jul 91 p 2

[Editorial: "Develop Water Conservancy Projects To Resist Floods, Prevent Natural Disasters"]

[Text] Since the beginning of this summer, the huge deluge has gone rampant and overrun vast areas of Mainland China. The number of people affected and the seriousness of the disasters have both been rare since the beginning of this century. The mainland has just entered the main flooding period, and it is most noteworthy whether great floods will come rushing down the large rivers and streams again in September and August.

China's meteorologists maintain that China's rainfall distribution in modern times has been regular: the 1920's, 1940's, 1960's, and 1980's of this century were all dry decades while the 1930's, 1950's, and 1970's were high-flow decades. It is expected that the 1990's will

likewise be a high-flow decade judging by the considerable rainfall in the majority of provinces across China this year.

China is vast and its natural conditions are complicated. Every year, it is stricken by all kinds of natural disasters, of which the most distressing are floods. From the point of view of the struggle for production, the history of the Chinese nation can be said to be one of flood prevention. Da Yu, the first emperor of the Xia Dynasty of legend, was noted for his 13 years of efforts in flood prevention and for his concentration, he did not spare the time to visit his family though he had passed his hometown three times.

China's recent floods, especially those serious ones in the Chang Jiang, Huai He, and Taihu Valley, have drawn the close attention of the Chinese people at home and abroad. While they are donating at an unprecedented scale, overseas newspapers also carry commentaries with the criticism that today's serious disasters are caused by the Chinese authorities' inadequate attention to water works in the last 40 years. It is absolutely all right for them to be concerned about China's flood prevention and rescue, but these commentaries are not as true as they sound.

Since the founding of New China, by relying on the socialist system and the strength of the masses, China has made great efforts in developing waterworks, which are all known to people around the world. Central and local authorities have invested 20 million yuan in constructing more than 83,000 reservoirs, 220,000 kilometers of embankments, and 27,000 sluice gates. Moreover, the state has made developing waterworks its second most important capital construction item for the "Eighth Five-Year Plan.

These waterworks constructed since the liberation have greatly strengthened China's ability to resist floods and fight natural disasters. Another equally important fact is that under the socialist system, the ability of unified leadership and coordination in fighting disasters is incomparable by any period or dynasty in China. In the case of the current great flood disasters in the Chang Jiang, Huai He, and Taihu area, taking into account the overall situation and under the unified preparations of the central authorities, China exploded the embankments in Shanghai's Qingpu to divert the flood water. Can you imagine this during a period of warlords, who divided China among themselves?

As far as meteorological conditions are concerned, the serious floods in China are caused by the early coming of the flooding period and heavy rainfall as well as the activities of sunspots, volcanic eruptions, and the El Nino effect. As a result, great rainstorms and floods, which come almost once every 100 years, occurred in many places. With such serious natural disasters, the waterworks and floodwater drainage ability are obviously inadequate.

Since the end of the 1970's, the responsibility system has commonly been practiced in rural areas on the mainland

to the effect that peasants' drive for production has been unprecedentedly stimulated and bumper harvests have basically been a yearly fact. This can be said to be one of the most important pillars of China's stability. However, we should also see that since the scale of the rural collective economy has not expanded over the last decade, waterworks have not been widely done. To a certain extent, this has weakened the flood-resisting ability in the face of the great floods of this century. How to organize peasants and bring into play their collective role to further improve water works during the period of reform, in which the system of contracted responsibilities on the household basis with remuneration linked to output is being practiced, is a new question in this new period. The fact that China's decision-making authorities have decided to repair and improve water works thoroughly and on a large scale this winter shows that China has obviously learned a lesson this time. It is foreseeable that China will continue to pay a great deal of attention to waterworks, which is a strategic question having an influence on the overall situation. This is in complete conformity with the fact that China will attach particular importance to agriculture during the "Eighth Five-Year Plan" period and the 10-Year Program.

Despite the fact that China is currently stricken by the serious difficulties caused by the floods, with its organizing ability and social stability being at their best today and the fact that its urban and rural economies have been greatly strengthened through reform and opening up and people's living standards have improved, the thousand miles of wastelands and the wandering of disaster-stricken people will never reappear. In addition, with the full support of the whole country and overseas compatriots, especially the kinship support of Hong Kong compatriots, China will definitely be able to fight the floods and succeed in rescues, and when the current flood-fighting campaign is over, it will definitely be able to promote the future construction of waterworks.

Commentator on Donations

HK2307130591 Beijing RENMIN RIBAO
in Chinese 22 Jul 91 p 1

[Commentator's Article: "When One Locality is in Difficulty, Assistance Comes From All Directions"]

[Text] People of all nationalities nationwide are concerned about the large-scale fight against floods and waterlogging. When one locality is in difficulty, assistance comes from all directions. Donations and relief goods and materials as well as warmth and strength have been sent from the capital, Beijing, and various provinces, municipalities, and autonomous regions to flood victims.

In the wake of the flood, Hong Kong and Macao compatriots have taken an active part in donating funds and materials in various forms. The international community is also providing aid. This is sympathy and support to the flood victims. Here, we express our heartfelt thanks for this.

The practice when one locality is in difficulty, assistance comes from all directions has fully displayed the virtue of the Chinese nation in its readiness to help others, and is the embodiment of the concept of taking the whole situation into account as well as the spirit of collectivism. It is one of the basic principles of socialist civilization and the glorious tradition and precious spiritual wealth of the Chinese people shaped in long-term struggle. In our socialist practice, such spirit has created numerous splendid feats that moved people to song and tears, and touched them to the depths of their souls. Today, in the fight against serious floods, such spirit is emitting even stronger radiance and reinforcing people's confidence in surmounting difficulties.

To fight this grave disastrous flood is an important matter that has a bearing on the whole situation. To achieve this, it is necessary to establish the concept of taking the whole country into account to continue to give play to the spirit that when one locality is in difficulty, assistance comes from all directions. It is necessary to firmly obey the unified order and command of the Central Committee and State Council. It is necessary to take the situation as a whole into consideration, to attach importance to style, with the part subordinated to the whole to fight the flood in solidarity. All localities and departments must give all-out support to the flood-stricken areas in various ways.

In the recent fight against the floods, people in those areas through which the floods passed or in which floodwater was stored have made great sacrifices on their own to insure the whole situation, and won everyone's admiration for the noble style they displayed. Commanders and soldiers of the People's Liberation Army (PLA), the armed police corps, and cadres and policemen of the public security system are always in the van fighting the floods in the forefront, giving great support and encouragement to the flood victims. The broad cadres and masses in a number of less afflicted areas have on their own enthusiastically shown concern for and taken care of the livelihood of the homeless in the gravely stricken areas. Many localities and departments are eager to meet the needs of the disaster-afflicted areas to allocate and transport relief goods and materials night and day, and have effectively supported the fight against the flood. Some trades are doing their best to increase production and have made practical contributions to fighting the flood and providing relief. All this has demonstrated that the socialist system has provided the best conditions for fighting calamities in solidarity and cooperation. Our economy has made great progress in the 10-year-or-so reform and opening, with the material force for resisting and overcoming natural calamities markedly strengthened. However, the spirit of devotion and cooperation remains our greatest advantage. We must do a good job of giving play to this advantage to fight the floods with one heart and soul. The broad masses are very enthusiastic in the present fund and material-donating activities. Party organizations and governments at all levels should cherish such enthusiasm

and do a good job of organizational work on the basis of mass voluntarism. The greatest efforts must be exerted to transport and deliver relief funds, grain, and medicine to flood victims. Special concern should be shown to those flood victims who have been stricken for a long time and remain so as of now. Party organizations and governments in disaster-afflicted areas should organize the people to bring forward the spirit of hard work to do a good job of providing disaster relief, to work hard to rebuild their homes aside from continuing to lead the people to go all out to fight the floods. Those localities and departments that are free of natural calamities should work hard to increase production to make up for the losses resulted from natural disasters with increases in production and output.

Presently, most places in China have already entered the major high-water season. In those areas where floods have already occurred, disastrous conditions may be worsened, whereas flood may spread to those areas which have been free of it to date. However, we believe that so long as the people nationwide place themselves under the unified leadership and command of the Central Committee and State Council, and the whole situation above all else, and go all out to fight the situation, they will surely seize the victory of fighting the floods and providing relief to the flood victims.

Press Commemorates CPC's 70th Anniversary

NONGMIN RIBAO Article

HK2207053791 Beijing NONGMIN RIBAO
in Chinese 27 Jun 91 pp 1, 4

[Article by NONGMIN RIBAO Editorial Department:
"CPC, China's Peasants: Commemorating 70th CPC
Founding Anniversary"]

[Text] Since its founding in 1921, the CPC has been fighting for 70 years.

It is only a short episode in the long process of human history. But China, which has almost one-fourth of the world's population and which is led by the CPC, has turned from a semicolonial, semifeudal, poor and backward country into a relatively prosperous socialist country. This is the most glorious chapter in the history of the Chinese nation.

At this moment of celebration marking the 70th anniversary of the party's founding, 800 million peasants, together with the people in the whole country truly thank the party for leading them to liberation and the socialist road of happiness!

The Persons Who Lead the Way to Liberation

For several thousand years, Chinese peasants lived a miserable life under oppressive feudal rule. The history of Chinese feudal society is a history of peasant struggle against feudal rule. From Chen Sheng, Wu Guang, to the Taiping Heavenly Kingdom, numerous big and small

peasant uprisings occurred one after another. Due to the limitations of the peasantry's class position, however, most of these struggles ended up in failure; even though some did overthrow the feudal rule dynasty, what they established was another feudal dynasty, and they became the tool for changing one dynasty to another. Although the 1911 Revolution led by the great revolutionary pioneer Mr. Sun Yat-sen did overthrow the Qing Dynasty and concluded the feudal despotism which had lasted over 2,000 years, the nature of Chinese society remained unchanged, and imperialism, feudalism, and bureaucrat-capitalism still weighed like three big mountains on the backs of the Chinese people. Only the CPC's founding dawned the liberation of Chinese peasants.

Peasants accounted for 80 percent of China's total population. They were the largest group and deeply suffered from exploitation and oppression, and their demand for fight against imperialism and feudalism was very strong. How to satisfy the peasants' demand, rely on their strength, and win a victory in democratic revolution? This was a big problem which faced the party at that moment and which had a bearing on the success or failure of revolution. Some comrades of our party did not clearly understand this problem from the beginning. At that moment, there were two kinds of erroneous tendencies within the party: The first was represented by Chen Duxiu, who forgot the workers and peasants, and paid attention only to cooperation with the Kuomintang. The other kind was represented by Zhang Guotao, who paid attention only to the worker movement, and also forgot the peasants. The representatives of these two erroneous tendencies all felt they had inadequate strength, but did not know where to seek reinforcement or where to obtain allies on a mass scale.

Comrade Mao Zedong proceeded from China's historical background and social conditions, used the basic theory of Marxism to carefully study and scientifically analyze the economic status of various classes in Chinese society and their attitudes toward revolution, and pointed out that peasants were the most important ally to China's working class and that China's revolution could be successful only if it was united with the peasants who accounted for 80 percent of the population. He wrote a lot, such as "Analysis of the Classes in Chinese Society," "Report on an Investigation of the Peasant Movement in Hunan," "Introducing the Communist," "On New Democracy," and "On Joint Government," explaining a series of points which radiated with the light of Marxism. For example, China's revolution was in essence a peasant revolution; the core problem of the right to lead was a peasant problem; China's armed struggle was a peasant war led by the proletariat; peasants' basic demand was land; the rural area was the weakest link in reactionary rule and therefore was the link which could most easily be broken through, and so on. Under the guidance of these ideas, the main line of new democratic revolution, which was to be led by the proletariat and based on the alliance between workers and peasants, and which belonged to the great masses of

people and opposed imperialism, feudalism, and bureaucrat-capitalism, was formulated. It opened the road to building revolutionary bases in the rural areas, surrounding the urban areas with the rural areas, and winning victory throughout the country.

The CPC led the Chinese people to carry out the new democratic revolution, and went through the war against the northern warlords, the war of land revolution, the war against the Japanese, and the war of liberation, eventually winning victory in 1949. In this great revolutionary war, the Chinese peasants made great sacrifice and contributions. Among the several millions of soldiers and commanders of various ranks in the people's army, most of them were peasants from the rural areas. For the people's undertakings and their own liberation, they followed the road pointed to by the party, charged forward without hesitation, stepped into the breach as others fell, shed blood and made sacrifices, and eventually overthrew the cruel rule of the three big mountains. For the first time, they were liberated, and they changed from slaves to the masters of the country.

The 28-year history proves that without the CPC, there would not have been a New China and the liberation of Chinese peasants; without the participation by the great masses of peasants, the new democratic revolution would not have succeeded. China's peasants cannot part with the CPC; the CPC cannot part with the peasants. The party and peasants have established a flesh-and-blood relationship in which they would go through thick and thin together, and this is one of the basic experiences in China's revolution, as well as the basic guarantee for victory in China's revolution.

Explore and Advance on the Road of Common Affluence

The PRC's founding marked the beginning of the socialist construction phase. In the rural areas, where small-scale peasant economy was predominant, and where the level of productive forces was very poor, it was a very complicated project of social engineering to lead millions of peasants to the road of socialism with Chinese characteristics, and attain the goal of common affluence. Without ready-made experience to borrow, a way had to be searched by one's own efforts. In the first three decades, we explored and advanced along this major road, and had some success as well as mistakes. It was only after the Third Plenary Session of the 11th CPC Central Committee that we began to have a relatively complete understanding of "Chinese characteristics."

After the founding of New China, the party led the peasants to carry out a large-scale land reform in the whole country, and completely abolished the feudal land system which ruled China for several thousand years, enabling more than 300 million peasants to receive 700 million mu of farmland and a large quantity of means of production, thus, greatly enhancing peasants' enthusiasm for work, and agricultural production developed rapidly. The total agricultural output value in 1952

reached 46.1 billion yuan, up 48.4 percent from 1949, while the output of major farm products surpassed the pre-liberation record.

After the land reform, what was predominant in the rural areas was still scattered and backward small-scale peasant economy. Big conflicts existed between this situation and further development of production, casting off of poverty among peasants themselves, and the country's industrialization. Therefore, the party organized the peasants step by step through the styles of mutual aid team, elementary cooperative, and advanced cooperative, to walk the road of common affluence. Although the pace from elementary to advanced cooperatives was a bit too fast, agricultural production in this period still continued to develop.

In 1958, two years after the establishment of the advanced cooperatives, which were not very firm or stable, the people's commune campaign was launched across the country. Because people's commune, which was characterized by "larger size and a higher degree of public ownership," violated the principle that production relation must suit the level of development of productive forces, and the principle of voluntariness and reciprocity; and because of the "leftist" mistakes such as high targets, blind command, extravagance, and equalitarianism and indiscriminate transfer of resources seriously jeopardized the peasants' enthusiasm; plus natural disasters, grain output dropped to the 1951 level. The CPC Central Committee promptly detected the mistakes in work, and promptly adjusted the people's commune system and other rural policies, enabling the situation in the rural areas to improve.

The 10-year turmoil caused by the Great Cultural Revolution once again hurt China's agriculture. With intervention by the "leftist" ideology of taking class struggle as the key link, the great masses of peasants had little enthusiasm for production, the rural economy was basically at a standstill, and some localities even could not maintain simple production. In 1978, per capita grain in the country was roughly equal to the 1957 level, and one-fourth of production team members earned less than 50 yuan.

The Third Plenary Session of the 11th CPC Central Committee became a great turning point in history. The meeting followed the ideological line of Marxism, summed up the positive and negative experiences and lessons in the first three decades, affirmed achievements, pointed out mistakes, suggested solutions, and formulated the "Decision on Several Problems Concerning Stepping Up Agricultural Production (Draft)." Since then, on the foundation of bringing order out of chaos, our country's villages underwent a profound reform. The reform's first step was mainly to introduce household operation into collective economy, and to practice the responsibility system centering on contracted responsibilities on the household basis with remuneration linked to output. This responsibility system has two special features: First, in structure, it included the two tiers of

centralized and household operation; second, it suitably separated collective ownership of means of production from operation right, and closely integrated the labor input of producers with the fruit of labor. There was "centralization" and "decentralization," and "suitable separation" and "close integration," and this enabled us to find a suitable and practical style of collective economy under public ownership system, to uphold socialist orientation on the one hand, and allow peasants to have the self-determination right in production and distribution. On the one hand, it overcame the shortcomings of equalitarianism, "blind command," and "loud shouting" which had existed in distribution for a long time, on the one hand, and on the other hand, enabled the strong points of collective economy and the individual enthusiasm among peasants to simultaneously develop. This responsibility system illustrated great vitality and vigor, bringing breakthroughs to our country's rural economy. According to statistics, from 1978 to 1990, the average annual agricultural output value increased 6.3 percent, surpassing the 2.7 percent average annual growth in the preceding 26 years by over 100 percent; grain output set two records; the output of major farm products such as cotton, oil, meat, and sugar increased more than 100 percent; nonagricultural enterprises, mainly characterized by township and town enterprises, turned out an output value surpassing the output value of agriculture; and millions of peasants bid farewell to poverty, and after passing the line of adequate food and clothing, they confidently marched toward the goal of comfortable and well-off families. The Seventh Plenary Session of the 13th CPC Central Committee, which was convened early this year, pointed out that the responsibility system centering on contracted responsibilities on the household basis with remuneration linked to output, must be crystallized for a long time as a basic system, and be continually perfected. This signifies that our party has become more mature in the search for a road of common affluence.

One Basic Experience

When our party led the peasants to carry out socialist construction, it accumulated rich experiences along the rough road. These experiences can be summed up into the following: It is necessary to properly deal with agriculture, the rural areas, and the peasants.

The Third Plenary Session of the 11th CPC Central Committee formulated the decision on stepping up agricultural development. The decision pointed out: "The first duty in front of us is to concentrate energy to enable the currently still-backward agriculture to develop as rapidly as possible, because agriculture is the basis of the national economy, and rapid development of agriculture is the basic condition which ensures the four modernizations will happen." In May 1982, when Comrade Deng Xiaoping briefed foreign guests on the experience in our country's economic construction, he used simple words to make a penetrating remark on the significance of attaching importance to agricultural development. He said: "No matter what happens in this world, so long as

peasants can properly feed themselves, things will become easy." The problem of food for 1.1 billion people can only be solved by adopting the correct policies by ourselves, and no one can do it for us. The agriculture problem is the most important problem in Chinese people's lives; it is also the most important problem of economic development in China. History eloquently indicates the following: Over the past 40 years, whenever agriculture developed, the country would have good days; when agriculture stagnated or dropped, the country would have bad days. Whenever the national economy faced problems, it was because agriculture was neglected, and each time, we overcame the difficulty because we attached importance to agriculture. At the end of 1978, soon after the 10-year internal turmoil ended, the national economy was in a dangerous situation of collapse, and the central authorities, by grasping the link of invigorating agriculture, was able to reactivate the whole national economy.

Linked to proper attention to agriculture is proper attention to the rural areas, and that is, proper solution of the problem of coordinating economic development in the urban and rural areas. Soon after the founding of the nation, we based ourselves on the specific historical condition and adopted the economic development strategy of giving priority to the development of industry, especially heavy industry, and within a short period of time we set up a comparatively complete and independent modern industrial system. This is an achievement acknowledged by the whole world, as well as a prerequisite to agricultural modernization. Under the condition that there was basically no foreign assistance, a handsome portion of accumulation needed by industrialization had to come from agriculture, and this was unavoidable. However, when developing the urban areas and industry, the backward pattern of rural areas and agriculture must be correspondingly changed, otherwise, it will affect the structural conflict of separation of urban and rural areas. The result will not only affect the agricultural and rural development, but will also affect industrial and urban development. During the rural reform in the past 10 years, rural enterprises developed swiftly, a large number of peasants sought jobs in the places they lived or went to cities for employment, exchanges between cities and villages grew, and the structural conflict arising from the development of urban and rural areas were eased, but this was only the initial step. A noteworthy fact is that since the founding of the nation, and up to now, among the total industrial and agricultural output value, the proportion of agriculture decreased from roughly 70 percent to 30 percent, and the proportion of industry increased from 30 percent to 70 percent, while the proportion of peasants within the total population is still as high as 80 percent. At present, labor productivity, per capita peasant income, and the level of modernization in the rural areas in our country are still relatively low, and this is a macroeconomic problem which must be solved step by step in the course of reform and development.

Directly related to proper attention to agriculture and villages is proper attention to peasants. The 800 million peasants are the main body for agricultural development and social progress; they are the basic factor of stability and unity. We may say that when the rural areas are unstable, the world is unstable; when peasants are not rich, the world is not rich. The party's purpose is to serve the people, and peasants are the largest group which we must serve. Since the first day when our party was founded, we have a flesh-and-blood tie with peasants, who are always the natural ally to the working class. Regardless of democratic revolution or socialist modernization construction, we needed the peasants' support. Therefore, we must attach great importance to the peasants' interests, and foster a close tie with peasants; we must deeply cherish, resolutely protect, and fully develop their enthusiasm. The Decision on Several Problems Concerning Stepping Up Agricultural Development formulated by the Third Plenary Session of the 11th CPC Central Committee pointed out: "The first point to proceed with when formulating agricultural and rural economic policies is to fully develop the socialist system's strong points, and fully develop enthusiasm among 800 million peasants in our country." "Determining whether or not our policy is in accordance with the need of development of productive forces, is to see whether or not the policy can arouse enthusiasm for production among laborers." This was a summing up of the positive and negative historical experiences for 30 years since our nation's founding. To properly treat peasants, on the one hand, it is necessary to strengthen ideological and political education for them, and guide them to properly handle the relations among the state, collectives, and individuals. On the other hand, it is necessary to pay full attention to their material interests economically, and earnestly protect their democratic rights politically. Comrade Deng Xiaoping pointed out in his speech at the concluding session of the Third Plenary Session of the 11th CPC Central Committee: "Not talking about more pay for more work, and not paying attention to material interests, is okay to a small number of advanced elements, but not to the great masses of people; it is okay for a short period of time, not a long period of time. The revolutionary spirit is very precious, without revolutionary spirit there will not be revolutionary action. However, revolution happens on the basis on material interests; if we only talk about the spirit of sacrifice and not material interests, it is idealism." At present, in order to safeguard the interests of peasants, we should make efforts in many aspects. For example, on the premise that peasants obey the guidance of state planning, the state must respect the peasants' self-determination right in production and distribution which they should enjoy. On the premise that peasants fulfill various duties assigned by the state, the state must pay attention to dealing with peasants according to the law of value, and oppose any behavior which harms the peasants. For example, the scissor gap between industrial and agricultural products cannot be eliminated for some time to come, but efforts should be made in the direction of gradually narrowing it. If we can do so, the peasants will wholeheartedly follow the party to walk the socialist road.

Strive To Attain the Second-Step Strategic Goal

The last decade of this century is the most crucial period for the process of socialist modernization construction in our country. Whether we can further promote economic invigoration and social advancement on the foundation of the great achievements we have already made, has a direct bearing on the consolidation and development of the socialist system in our country, and on the Chinese nation's fate and future. The recently convened Fourth Session of the Seventh National Congress approved the "Outline of the 10-Year Program and of the Eighth Five-Year Plan for National Economic and Social Development in the PRC," which stipulated the second-step strategic goal, which demands that by the end of this century, the GNP be doubled again, and people's standard of living be developed from adequate food and clothing to the level of well-off comfort. To attain this goal, peasants have a very important function as foundation. It is necessary to place agriculture in the priority position, and actively promote overall development of the rural economy. Grain output must reach the double new stage of 450 and 500 billion kg; the output of major farm products, such as cotton, oil-bearing crops, and sugar, and of forestry, animal husbandry, fishery and sideline productions, and nonagricultural industries, must develop rapidly.

In order to accomplish this arduous and complicated task, we have to make important progress in three aspects in the 1990's: rural economic restructuring must make new progress; comprehensive agricultural productive force must be upgraded to a new level; and spiritual civilization construction in the rural areas must have a new change.

The core of further deepening of rural reform rests on whether the responsibility system centering on contracted responsibilities on the household basis with remuneration linked to output, can be crystallized and perfected as a basic system. Stability in the rural areas mainly depends on policy, and stability in policy mainly depends on the responsibility system centering on contracted responsibilities on the household basis with remuneration linked to output. This is a basic policy which the peasants like most and which they fear most for change. Being surrounded by the problem of change or no change, this policy is always a very sensitive one in the rural areas, and whenever there is a slight rustle of leaves in the wind, peasants will be anxious. Therefore, every comrade doing rural work must firmly establish the concept of "basic system," and whether he is pondering a problem or doing a job, he must use this as the guiding thought to judge the feasibility, and when it can benefit the system's stability, do it, if it harms its stability, refrain from doing it. Of course, it does not mean the system has no need for perfection. Stability is the foundation of perfection. Perfection does not mean the changing of the system of contracted responsibilities on the household basis with remuneration linked to output, nor the abolition of contracted responsibilities on the household basis for something else; it means

proper solution of problems during implementation. Therefore, the key points of perfection must be placed on active development of socialized service. This kind of service cannot be done or cannot be done well by individual households. It is beneficial to further developing the potential of household operation, to promoting professional and socialized agriculture, and to linking the economic activities of millions of peasants with the market planned by the state. The reform of the farm products circulation system is also an important content of deepening reform. It is particularly important to grasp circulation in the period when agriculture moves from the economy of self-sufficiency and semiself-sufficiency to commodity economy.

We must perceive that if peasants cannot sell the commodities they produce, and value cannot be materialized, not only the labor input by peasants cannot be compensated, but the input of means of production cannot be retrieved, and the loss will be bigger than having no production, not to mention expansion of production, even simple production cannot be maintained. Reform of the circulation system is mainly based on the principle of integrating planned economy with market regulation, and those which should be controlled must be properly controlled, those which should be relaxed must be relaxed; when we develop the function of state-run commerce as the main channel, we must encourage peasants to enter into the circulation domain, and we must resolutely practice multichannel circulation.

Great efforts must be made to improve comprehensive agricultural productive force. Our country had a bumper agricultural harvest last year, and grain output reached 435 billion kg. This allowed us to see the potential of increase in agricultural output, and enhanced our confidence in developing agriculture. However, we should not be blindly optimistic about this. We had suffered losses in the past: After a bumper harvest, we erroneously thought that agriculture had passed the barrier and we relaxed ourselves and did not treat it carefully, and the consequence was a slide in output. We should realize that last year's bumper harvest mainly came from good climatic conditions, not from the upgrading of comprehensive agricultural productive force. At present, our country still faces many problems, such as a weak material foundation of agriculture, weak staying power for development, and poor ability for resisting natural disasters. If we do not make up our mind to solve these problems, we can hardly meet the demand of going to two new phases. Upgrading of comprehensive agricultural productive force includes many contents. Simply speaking, it demands the state, collectives, and individuals to continually increase input in agriculture, strengthen capital construction of water conservancy works, plant trees, improve ecological and productive conditions, grasp scientific and technological education to invigorate agriculture, improve peasants' scientific and cultural quality, and strengthen popularization and application of advanced scientific and technological results related to agriculture, and so on.

When we strengthen material civilization construction, we should never neglect spiritual civilization construction. Material civilization construction is the material foundation for spiritual civilization construction, and spiritual civilization construction is the ideological guarantee for developing material civilization. Creating a situation of a healthy and upwardly mobile mind and a stable and united society, and training a new generation of peasants who have ideals, morality, culture, and discipline, are the necessary condition for economic prosperity in the rural areas. To strengthen spiritual civilization construction, the most important task at this moment is to carry out education on socialist ideology in the vast rural areas. In recent years, because ideological and political work has been weakened, the socialist goal among some comrades became blurred, the idea of serving the people faded among many party members and cadres, in some localities the relations between cadres and people became tense, some village-level grass-roots organizations were paralyzed or semiparalyzed, and some ugly social phenomena which had vanished appeared again. These problems can only be completely solved by education on socialist ideology. We should make efforts to grasp this task like we grasp rural reform and construction, and resolutely uphold it for a long time. We should change the phenomenon of paying more attention to material civilization construction and less to spiritual civilization construction; we should pay more attention to both.

After exploring for 28 years, our party grasped the law on how to lead peasants to fight the revolutionary war, and won the new democratic revolution. After making efforts for 40 years, our party has accumulated the experience in leading peasants to carry out socialist modernization construction, and gradually opened a road of agricultural development with Chinese characteristics. We believe that under the party's leadership, millions of peasants surely can further develop the glorious tradition, rely on their own efforts, strive hard, and make new contributions to materializing the party's great goals and to building socialist new villages which are more prosperous and characterized by common affluence.

Chen Jinhua Article

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[Article by Chen Jinhua (7115 6930 5478): "Strengthen, Improve Party Leadership in Course of Reform, Opening Up: Commemorating 70th CPC Founding Anniversary"]

[Text] The CPC has gone through a splendid 70-year course between 1921 and 1991. Over the past 70 years the party has scored great victories in the New Democratic Revolution and Socialist construction, reform and opening up under the leadership of Mao Zedong, Zhou Enlai, Liu Shaoqi, and Deng Xiaoping and the Central Committee with Comrade Jiang Zemin as its core today; uniting and leading the indomitable Chinese people, who

advanced wave upon wave to change the poverty-stricken and backward semifeudal, semicolonial old China, which suffered from aggression, and was bullied, into a New China that is independent, self-reliant, taking the initiative into its own hands, and influential in the world arena. Today, the party is leading the Chinese people of all nationalities to advance and blaze new trails on the road to building socialism with Chinese characteristics by adhering to the basic line of "one center, two basic points."

In the 5,000-year Chinese history of civilization, the feats of "Shang Yang's [0794 7248] Reforms" in the state of Qin, the "reforms during the reign of Emperor Ren Zong of the Northern Song Dynasty," "the Westernization Movement," and the "Modernization Movement of the Bourgeois Reformists" of the Qing Dynasty went down in history, while making contributions to the Chinese civilization and progress to various degrees. However, those reforms mostly lasted briefly, or were nipped in the bud, thus failing to bring a radical change in the social system in their time, while China continued to probe in the dark for a long time. It was not until the birth of the CPC that a correct road of socialism was found or China's development under Marxist-Leninist guidance. Just as Comrade Deng Xiaoping indicated: "In such a large country as China, without the CPC leadership, it would inevitably end in disintegration with nothing accomplished." (*Selected Works of Deng Xiaoping* p 317)

Although the CPC has committed mistakes and suffered setbacks in leading the Chinese people in socialist construction, it has corrected the mistakes, set right the course, sailed along the current of the times, and firmly stuck to the socialist orientation despite the changeable world situation by proceeding from China's national conditions, observing the law of historical materialism, applying to the scientific approach of dialectical materialism. "It has stood the test of a thousand blows, be they from east or west, north or south."

Reform and opening up aim for the socialist 'system's self completion and perfection and development; this is a pioneering cause unprecedented in history. Despite the surfacing of various new conditions and problems, the party is firm in leading reform and opening, and no forces can ever change it. The CPC is a party for reform, and one that aims to transform the old world, while building a new one. We are firm in the belief that adhering to the four cardinal principles is the foundation for building the country, while reform and opening are the way to making the country powerful and the people prosperous. Our party's nature and mission determine the firmness, continuity, and stability in implementing the principle of reform. In addition, we clearly see that in the progress of reform, our party must always maintain its soberness, keen insight in new conditions, judge the hour and size up the situation, stick to the correct orientation and be scientific in strategy making in the replacement of the new and old structure and readjustment of various interest relationships because of the

lack of experiences and wide-ranging policies, the incompleteness and imperfection of the legal system and institutions, in addition to hostile forces at home and overseas who take advantage of our opening to push their strategy of "peaceful evolution" by hook and by crook. Based on China's own practice as well as the experiences and lessons of the international communist movement, to insure the successes of reform and opening, it is imperative to adopt firm and powerful measures to insure staunch party leadership in the undertakings of reform and opening.

First, it is imperative to continuously strengthen and improve party leadership based on Comrade Deng Xiaoping's persistent thinking. Our reform and opening aim at promoting the improvement of social productive forces and comprehensive social progress by establishing a new structure and economic operational mechanism. To achieve this goal, it is imperative to adhere to the world outlook and methodology of historical materialism and dialectical materialism with the guidance of Marxism-Leninism-Mao Zedong Thought. The Chinese Communists have come to see, through practice in reform and opening, that correct guidance in practice and explorations, completion, perfection, and development of the socialist system and the full play of its advantages are possible only with correct theoretical guidance, so China will become powerful and the Chinese people prosperous. Without correct theoretical guidance, practice will inevitably be blind, and will even give rise to confusion in ideology and actions; eventually, some people will deviate from the basic purpose of socialist reform.

Most important in strengthening, completing, and perfecting the party leadership is theoretical guidance to insure the highly ideological and political unanimity partywide. We must pay special attention to studying and practicing Comrade Deng Xiaoping's thinking on reform and opening. Comrade Deng Xiaoping is the initiator and chief designer of China's reform and opening. Comrade Deng Xiaoping made profound discussions on a series of important issues regarding reform and opening, proposed a series of new concepts on specialist construction, reform, and opening with originality, and formed the basic theory on building socialism with Chinese characteristics by linking Marxism-Leninism-Mao Zedong Thought to China's practice in building socialism and to contemporary international political and economic development on the basis of summarizing the rich experiences of China's socialist construction. "One center, two basic points" is the most complete and perfect theoretical generalization of building socialism with Chinese characteristics, which Comrade Deng Xiaoping initiated. The Seventh Plenary Session of the 13th Central Committee specifically generalized it as the 12 principles guiding the building of socialism with Chinese characteristics, which the whole party has reached a common understanding. Comrade Deng Xiaoping also made a series of discussions on strengthening and improving party leadership, especially he has persistently held aloft the banner of socialism regarding the orientation of reform and opening. Back in

December 1980, he stressed that reformative measures could be readjusted, "but it does not mean any changes in the orientation." (*Selected Works of Deng Xiaoping* p 321) Comrade Deng Xiaoping's theoretical system on economic construction, reform, and opening is the crystal of the collective wisdom of the party leadership of the second generation, and our party's precious theoretical wealth, which is of great significance of theoretical guidance and plays a role in guiding practice in China's socialist modernization, reform, and opening.

Second, to strengthen and improve party leadership in reform and opening, it is imperative to follow the way of building socialism with Chinese characteristics, the principle of establishing a new structure of socialist planned commodity economy, and explore the specific economic operational mechanism in realizing the linking of the planned economy to market regulation. Planning and the market are the two ways of allocating material resources. Socialism is characterized by planning, whereas capitalism is characterized by the market; however, neither planning nor the market are signs to differentiate socialism and capitalism; the essential difference between the socialist and capitalist system is none other than the difference in ownership. As long as we adhere to taking public ownership as the main body, we can insure that the wealth under socialism belongs to the working class and the people, with the accomplishment of fair distribution and common prosperity. Under this prerequisite, we must reform the traditional economic structure marked by a high level of centralization which rejects market regulation. Implementing the linking of the planned economy to market regulation combines the advantages of the two. On one hand, an effective macroscopic tuning and control of the national economy will be created to ensure the rational allocation of material resources and their optimal utilization, and the state may concentrate on some big projects to promote the development of social productive forces; on the other, there will be a fully developed complete, and perfect market allowing competition, an enterprise managerial mechanism full of vitality and vigor in the principle of survival the fittest to push forward effective economic operation, with higher labor productivity created. Building the new structure and economic operational mechanism is a historical progress, and cannot be completed overnight. The 12-year practice in reform is an evidence that this road falls in line with China's national conditions, has promoted the development of productive forces and improvement of people's material and cultural lives, and is the inevitable road to building socialism with Chinese characteristics.

Third, it is necessary to adhere to the ownership structure marked by the coexistence of multiple economic factors with public ownership as the main body. Exploring an effective and realistic form of the public ownership economy, amplifying the vitality of enterprises, especially large and medium-sized enterprises of ownership by the whole people is the major task of reform from now on. The party and government are adopting a series of

measures to support and help large and medium-sized enterprises establish a new mechanism compatible with the socialist planned commodity economy, while relying on the working class wholeheartedly, strengthening technological transformation, promoting the industrialization of high and new technology to build an ever more solid material and technological foundation for the consolidation and development of the socialist system. Presently, the vitality of enterprises of ownership by the whole people is imbalanced. The big companies under the direct control of various localities and departments have under them a number of good enterprises, which are capable of self-accumulation, self-development with the mechanism shaped in the course of deepening reform, and they are full of vitality with strong function in reinvigoration. For various reasons, however, many enterprises are slow in readjusting their product mix, with their economic results shrinking. Thus leadership in those enterprises must be beefed up to improve their qualities through in-depth reform, strengthen management, and push technological progress, so that their role as the economic backbone of public ownership will continue to grow and become powerful. At the same time, it is necessary to strengthen control over the nonpublic ownership economy, including individual economy, the private economic sector, and "three kinds of partially and wholly-owned" enterprises with the scope of the constitution and laws to promote their healthy development so they will become conducive to and complement the public ownership economy.

Fourth, it is necessary to adhere to the individual income distribution system with distribution according to work as the main body, and other ways of distribution complementary. It is necessary to simultaneously correct the phenomena of egalitarianism and unfair distribution, while doing a better job of implementing the principle of distribution according to work. Reform in the distribution system has a direct bearing on people's personal interests; it is not just a matter of economic interest but an important political issue that embodies the socialist principle. Egalitarianism and unfair distribution have seriously dampened the enthusiasm of the broad workers and staff members for work and helped in the growth of speculation, bribery, corruption, theft, and pursuit of exorbitant profits, with the social atmosphere impaired; all this is unfavorable to social stability and must be reformed with great efforts. In the reform of the distribution system, we must pay attention to drawing a demarcation line between fair and egalitarian distribution so everyone will see it is fair and reasonable to have a higher income through honest labor, observing law and discipline, and legitimate operation; whereas it is unfair to pursue equal pay regardless of the differences in work and contributions. China is in the initial stage of socialism, diversified economic factors exist along with diversified distribution forms in compatible with them; the condition with the coexistence of distribution according to work being the main body and diversified forms of distribution will continue for a long time. It is necessary for us to actively and appropriately resolve

problems existing in the distribution system through reforming the workage and social security systems, intensifying the means of taxation, and regulating individual income distribution.

Fifth, it is necessary to adhere to the road to common prosperity. Our party has all along persisted in the policy of common prosperity by allowing some areas and some people to become well-to-do first through honest labor and legitimate operation, with those becoming rich first helping others to become well-off. This is the embodiment of the socialist system's advantages and the objective requirement because of the imbalance of socioeconomic development in China. China has enjoyed rapid economic development; however, its level of productive force remains low, with limited consumer goods for distribution. In the capitalist society, the haves are few, and the have-nots the majority; quite a number of people are living in deprivation, with no guarantee of employment or medical services. Such conditions are not allowed under the socialist system. Regarding this, the 10-Year Program and Eighth Five-Year Plan have made the explicit stipulation that the state adopt economic, legal, and administrative means to formulate effective measures to control and regulate a widening gap in income to guard against the surfacing of polarization to insure the realization of the common prosperity of various nationalities and places. Communists should work hard to realize this lofty ideal and pursuit. They should "worry before the whole world worry, and enjoy only after the whole world enjoy."

Sixth, to strengthen and improve party leadership in reform and opening, it is necessary to pay attention to persisting in and bringing forward the party's fine tradition of the mass line. Reform and opening are the people's great practice; no tasks of reform can be fulfilled without the masses' concern, understanding, and participation. Thus, party organizations at all levels must be good at spreading propaganda among the masses, organizing them to do a good job of propaganda and ideological education that is to the point and highly effective to give play to their pioneering spirit in participating in reform and to strengthen their faith and bearing capacity for reform and opening. They must be bold at backing and speaking for those who are courageous in exploration, and have scored practical results in reform and opening. Regarding those important plans for reform, they must solicit opinions extensively, with some of them subjecting to mass discussions so that the people will understand, support and participate in the reforms.

Seventh, communists, particularly leading cadres of party organizations at all levels, should play a vanguard and exemplary role in reform and opening. They should be compatible with the needs of reform and opening, improve the work efficiency of party and government organs, overcome bureaucratism, augment decision-making in a scientific and democratic way, and do a good job of work involving comprehensive coordination. It is necessary to give full play of the supervising and guaranteeing role of party organizations at all levels and

strengthen the building of clean government. The party must set requirements on all party members based on the criteria for communists. They should, on one hand, conduct constant education in party theory, faith in the party and meeting the criteria for a party member, while augmenting ideological and political work, administration and supervision of party members, especially party members who are leading cadres. We encourage party members to be courageous in exploration in reform; at the same time, we must require party members who are leading cadres to always bear in mind the party's purport of reform, while refraining from committing major mistakes in matter of orientation. On the other, party organizations at all levels should strictly implement the party discipline, firmly purge those corrupted elements inside the party, by no means should they allow a small handful of corrupted elements to plan for their personal gain under the pretext of reform and opening, while impairing the party's image and the reputation of reform and opening.

In the course of reform and opening, we must also pay special attention to bringing up a huge contingent of people who are determined to carry out reform. It all depends on human efforts. To push the undertakings of reform and opening, a number of people who are determined in reform, are bold, and have insight are involved. The practice of reform and opening will in turn bring up a large number of qualified people, who are firm in their faith in socialism and have knowledge in the socialist commodity economy.

We shoulder heavy responsibilities in reform and opening. It is necessary for us to unite closely around the Central Committee with Comrade Jiang Zemin as its core, continuously strengthen and improve the party leadership, and adhere to the socialist orientation of reform and opening. We firmly believe that having gone through the first 70 years of a rugged journey, our party will surely lead the people of the whole country to enter the 21st Century in victory in its second 70 years to realize the third-step strategic goal in realizing socialist modernization, and find a place in the forest of the world's advanced nations with still more powerful comprehensive national strength and socialist spiritual civilization.

He Xin Discounts Western-Type Democratic Change

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[Article by Wu Yuehui (0702 2588 6540) and Zhang Yijun (1728 4135 0193): "The CPC and China's Modernization: Interview With He Xin"]

[Text] On the occasion of the 70th anniversary of the CPC founding, a middle-aged scholar said that the mass foundation in which the CPC depends on for existence will be more extensive in the next 10 years and it will maintain closer ties with the masses. In this sense, he believed that new developments will be attained in democracy within and outside the party.

"But I do not believe that the CPC will make the democratic changes expected by the West," he insisted.

These remarks were made by He Xin, 42, a member of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], in response to predictions by some Western analysts that the CPC will make "democratic changes" in the next decade. He said that most Western prophets do not have an adequate understanding of the conditions in China. Therefore, their predictions about China's future have always been off the mark.

Drastic and profound changes have taken place in China and the rest of the world over the past 70 years since the CPC founding, He Xin said. As a political party in the forefront of the trend of China's modern history, the CPC must make political, ideological, and organizational adjustments in the face of the changing trends worldwide. This calls for reform. In the past decade of reform and opening up, profound changes have taken place in the party.

When we mentioned about the West's prediction of "peaceful evolution" in the CPC in the next decade, he said that the last 10 years of this century will be very important for China. He said: "I also believe that the CPC will make profound changes in the next decade. Making no change would be strange. The problem is how it changes and in what direction. There are many differences between my understanding of this question and those who predict 'peaceful evolution' in the CPC."

He Xin was originally interested in cultural topics. Because of his concern for the destiny of the motherland and nation in recent years, he has often aired his independent views on political and economic issues.

He believes that it would be inconceivable for a political party with any other social stratum than the working class as its background to replace leadership of the CPC.

As long as the party guidelines are correct, in other words, as far as the party persists in serving the fundamental and long-term interests of the majority of the people, the CPC will continue to be the political core of the people and their source of strength, he commented. In China, which is different from smaller countries with smaller populations, one or two incidents in the streets will not shake the CPC's position as the party in power.

He Xin said that it was no accident that the CPC has grown from a small group into the world's largest ruling party in terms of membership and has maintained the recognition and support of the majority of the Chinese people. The fundamental reason is that the CPC has represented the interests of the Chinese nation and the majority of the Chinese people over the past 70 years. The CPC has restored the dignity and glory of the Chinese people who were trampled upon by foreign powers for a hundred years, led China in completing industrialization, and promoted China's reforms aimed at modernization, thus creating a historic possibility for

the rejuvenation of Chinese civilization and the Chinese nation. Mao Zedong said: The CPC is a great, glorious, and correct party. From a historical point of view, the CPC is worthy of this name.

He Xin said that he has made painstaking efforts in studying the CPC history. He believes that the party has created a brand new political tradition in Chinese history. The outstanding political characteristic of the party is that it has persisted in maintaining independence and following its own road based on China's specific conditions over the decades. This was the greatness of Mao Zedong Thought. The thesis of "building socialism with Chinese characteristics" advanced by Deng Xiaoping is a continuation of Mao Zedong Thought. Those who think that the CPC would blindly imitate others sooner or later have underestimated the political power of the party. A party like the CPC, which has tempered itself in internal and external political storms, will not collapse easily.

True, He Xin said, the party has made many mistakes during the past 70 years, but the party has always, in keeping with the new changes in history, taken the initiative to correct them while broadening its social base or the united front. The party is good at drawing both positive and negative lessons from history, making public its own mistakes and even criticizing its own leadership, including Mao Zedong.

It is undeniable that the development of currency and a commodity economy has brought about complications in both society and the party, such as the problem of corruption.

However, he said: "According to my observations, most of the high-ranking Chinese leaders are statesmen who are honest in performing their duties, law abiding, and wholeheartedly serve the people. They are not corrupt pursuers of privileges. Moreover, the problem of corruption cannot be resolved by mere wrath. The solution lies in the perfection of institutions, the rule of law, and reforms."

On the so-called question of "privileges," He Xin insisted: First, it is a universal practice to provide certain conveniences for state leaders in the performance of their official duties and their everyday lives. Second, the conveniences enjoyed by the high-ranking Chinese officials are quite limited and the gap between them and the ordinary citizens as far as living standards are concerned is comparatively narrow. He said that overseas media played up the problem, believing that some of these stories were just political rumors and exaggerations. One of the reasons Mao Zedong launched the "Cultural Revolution" was to solve the problem of privileges of socialism (that is, "restricting the bourgeois rights"), but he did it by improper means and therefore it was not successful. A major political measure taken in the political structuring after the Third Plenary Session of the 11th CPC Central Committee was the abolition of life tenure in leading posts. The reform was significant because it made power a public instrument guaranteed by law and no one could monopolize it for life. At the

same time, the living conditions enjoyed by high-ranking officials expire as soon as they are no longer holding their posts or when they die; they are not hereditary and cannot be transferred. This is different in nature from the property privileges under capitalist private ownership or feudalist privileges.

"Theoretically," he said, "officials in socialist countries, as servants of the people, should not pursue privileges. In reality, there are officials who abuse their power. But the abuse of power is restrained by our system and denounced as immoral." There were mistakes in this regard over the past few years and some leaders neglected to check the political morality of officials, he said, and this led to the money-oriented attitude of some officials, arousing strong public resentment. But, he said: "These officials actually accepted capitalist values and violated socialist principles." He continued: "If you want to know about real privileges, let us take a look at the West. The privileges enjoyed by the U.S. Presidency and the British royal family are unimaginable to ordinary people, not to mention those enjoyed by billionaires. All these privileges are regarded as being only right and proper under private ownership."

He Xin noticed strong public resentment toward the corrosion of politics by money and commodities but he said that this is not a political phenomenon unique to China. Similar phenomena are frequently observed in other developing countries and are not rare in developed countries. Why has this aroused such strong social criticism in China? He Xin said that the criticism serves as a foil to show the honest and clean style upheld by the political tradition of the CPC.

He Xin also mentioned the new film "Jiao Yulu." He said that the image of Jiao Yulu, who worked selflessly for the public interest, is strange and incredible to the Western culture of individualism. But there have been many cadres like Jiao in the CPC history. He himself met a number of such cadres in the past. Regarding the interests of the nation and the people as above everything else is one of the traditional values persisted in by the CPC. This value has its roots in communist ideology and can be found in some political moral concepts of the Chinese tradition. Many CPC values are both modern and traditional. Precisely because of the traditional values, corruption has aroused especially strong criticism and tremendous social pressure.

He said that the CPC will strengthen its regulations while eliminating corruption politically and ideologically. Nevertheless, individual corrupt phenomenon will be unavoidable. So long as unremitting efforts are made to eliminate corruption, it is groundless to say that the CPC will collapse because of corruption.

He Xin has recently concentrated on the study of China's modernization, economic reform, and international issues. Referring to foreign criticism of CPC ideology, he said: "I have no doubt that the CPC ideology equipped

with modern characteristics can lead the Chinese people to complete the modernization process."

He said that it is not true for Western personages to criticize CPC ideology as rigid dogmatism. Since the Third Plenary Session of the 11th CPC Central Committee, he said, reforms have been introduced in China's ideological field to keep abreast of the changing situation. The ideological development has an extensive foundation in social sciences. The adaptability and developing vitality of the CPC ideology is embodied in the principle of "practice is the sole criteria for testing truth," a principle upheld by Deng Xiaoping, as well as the principle advanced by Chen Yun that "blind worship of higher authorities and dogma should be eschewed; it is practice that counts." Following these principles, the CPC ideology will not be bogged down in ossification.

He Xin said that the CPC has been constantly adjusting and revising its understanding and making scientific and objective explanations of reality and history in accordance with the development of the internal and external situations, citing the theory of the primary stage of socialism, which he said is a major development in scientific socialism. Hence, it is groundless to say that CPC ideologies are ossified.

But he said that while developing its ideology, the CPC has always tried to maintain its continuity and stability, which are important in maintaining China's social stability. As far as ideology is concerned, he said, the CPC has two magic weapons, namely, practice as the sole criteria for testing truth and the four cardinal principles for maintaining the country's political stability. The former can prevent ossification and the latter can prevent political disorder, anarchy, and liberalization.

Referring to the present situation on China's ideological front, He Xin said that during the past decade, when major and profound political, economic, and cultural changes had taken place in China, some ideological confusion and instability were hard to avoid. If such confusion is allowed to spread unchecked, it will undermine political stability. Although this is welcomed by some people, it will be harmful to China's economic development but the confusion has been wisely overcome by the CPC. He said that adherence to the four cardinal principles does not mean ossification, as some people claim. On the contrary, it is wisdom. Otherwise, the CPC would have collapsed and so would China's socialism, the country, and the Chinese nation.

Asked to comment on talk by some foreigners that China now faces a "crisis of faith," he said that such a crisis would mean a collapse of this value system and major political and ideological confusion. But this has not happened and is not likely to happen in China. He said: "I think there are problems on China's ideological front but that is not a crisis. If exploration, debate, or differences of views are called a crisis, then crises happen every day on the ideological front in the West. Debate and exploration can stimulate the

emergence of new ideas and theoretical progress. The only problem is what kind of ideology should be allowed to dominate the mainstream."

He said that the mainstream of the Chinese ideological front is not crisis that leads to disorder or collapse. On the one hand, the process of seeking new ideas to suit new situations and conditions is continuing. On the other hand, a new ideological order is in the making under the guidance of Marxism. This is the mainstream of China's ideological front.

He Xin pointed out that some Westerners have generalized minor phenomena on China's ideological front in the past few years. This mode of thinking is questionable. As far as the present situation is concerned, these people have underestimated the development and growth of the fresh and new forces on China's ideological front and the vitality of these forces.

QIUSHI on Democracy, Factions Within CPC

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1 Jun 91 pp 12-15

[Article by Xi Guangqing (1153 1639 1987): "Democracy, Factions Within Party"]

[Text] Making an earnest effort to implement democratic centralism and to further extend and develop democracy within the party constitutes an important task of party-building during the new period. However, several years ago when bourgeois liberalization spread unchecked, some people took over the slogan of developing democracy within the party and brazenly attacked our party's democratic centralism as "autocracy," asserting that only by allowing the presence of different factions and lines within the party, and enabling these factions to make known their position clearly and openly will there be true democracy within the party. This view negates the democratic nature of the Marxist party, distorts the basic principle of democracy within the party, and sets the development of democracy within the party and the improvement of democratic centralism against each other. It has resulted in ideological confusion and interfered with the normal development of democracy within the party. Thus, we must clear up this erroneous and harmful viewpoint on the theoretical level.

Democracy within the party refers to the system which gives party members the right to partake in the management of party affairs and voice their opinions. It is a basic organizational system within the Marxist party. That the Marxist party must adhere to this system and principle is something determined by its own nature and mission. The Marxist party is the vanguard of the working class, which is truly opposed to autocracy and oppression, and favors democracy, equality and freedom. Thus, the Marxist party is, by nature, democratic rather than autocratic. In his criticism of the mistake of overlooking democracy within the party, Engels profoundly pointed out: "Criticism is a key factor in the life of the worker's movement. How can it avoid criticism and seek to prohibit contention itself? Are we

asking people to give us freedom of expression just so we can abolish freedom of expression within our own ranks?" (*Selected Works of Marx and Engels*, Vol 4, p 471) Marxism-Leninism is the theoretical basis of our party. It is an important ideological condition that enables our party to preserve its advanced nature and accomplish its mission. A basic trait of Marxism-Leninism is that it is not an ossified dogma, but is a scientific doctrine that develops with temporal changes and social progress. Its essence lies in the fact that it proceeds from reality and seeks truth from facts. Without democracy within the party, with its lively and free discussion and contention, and without a democratic atmosphere favorable to development and innovation, it will be impossible to closely combine Marxism with objective reality and develop Marxism. Our party shoulders the historical mission of leading the working class and the masses of laboring people to overthrow and eliminate capitalism and all exploitative systems, build a highly civilized and democratic socialist society, and ultimately realize communism. Unless efforts are made to extend and develop democracy within the party in a bid to pool the wisdom and experience of the whole party, arouse the enthusiasm and initiative of the whole party, and carry out struggle with an indomitable spirit, it will not be possible to bring about so profound and thorough a social transformation. Thus, all Marxist parties in the world are essentially democratic parties. A party that does not attach importance to democracy cannot be a Marxist party.

Another reason why a Marxist party must practice the system of inner-party democracy is that democracy within the party is an important component of the party's organizational principle, namely, democratic centralism, and is the basis of centralism within the party. As the organic combination of democracy and centralism, democratic centralism represents both centralism and democracy. In order to safeguard the party's unified fighting power, it is impossible not to have centralism within the party. However, this kind of centralism within the party must have democracy as its basis. The reason is that only democratically elected leading organs and leading members can truly represent the aspiration and wishes of the working class and the masses of the people, win the support of the whole party, and have true revolutionary authority. It is only by formulating and implementing the party's line, principle, and policies through collective and democratic discussion in specific organs that it is possible to truly pool the wisdom and experience of all people and enhance the scientific quality of the party's policy decisions. Only when the higher authorities of the party regularly listen to the views of the lower bodies and the party rank, exchange information and discuss issues with them that the lower bodies and party members will be able to profoundly understand and conscientiously implement the resolutions of the higher authorities in the light of reality, thereby achieving true unity within the whole party. Only when the democratic rights of party members are respected and protected in real earnest, and

when party members can make criticisms and suggestions on and exercise supervision over the party's leadership and work, will it be possible to truly enhance the sense of responsibility of the vast numbers of party members, arouse their enthusiasm, form a huge rallying force and enhance the scientific quality of the party's policy decisions, thereby laying a solid foundation for the unity of will and action in the whole party. In short, only when democracy is fully developed will there be correct centralism, and it is only on the basis of a high degree of democracy that a high level of centralism can be truly achieved. It is particularly easy for party members and cadres in power to develop arrogance, conceit, and bureaucratic styles and divorce from the masses and from reality. A few of them may even violate law and discipline, abuse their power for personal gain, practice graft, accept bribes, and become degenerate. This makes it all the more necessary for us to develop democracy within the party, strengthen criticism and supervision by the masses inside and outside the party from the bottom up, and make this a regular practice. Only in this way will it be possible to check and eliminate unhealthy and corrupt practices within the party. Thus, all Marxist parties practice and continuously seek to improve the system of democracy within the party.

As the party in power, our party is in a very good position to develop democracy within the party, and has done a lot in this connection. However, because of deviations in ideological consciousness, this question has not been resolved to our satisfaction for some time. Democratic life within the party was full of life in the first few years following the founding of the People's Republic. Later, because the development of democracy within the party was neglected, the personality cult began to grow. As a result, power became over-concentrated, centralism was stressed at the expense of democracy, and inner-party democratic life became abnormal. During the Cultural Revolution, in particular, democracy within the party was trampled underfoot, and this produced harmful consequences. After the Third Plenary Session of the 11th CPC Central Committee, the party profoundly summed up the above historical lessons, made an earnest effort to put right the over-concentration of power and abnormalities in inner-party democratic life, and unequivocally took the extension and development of democracy within the party as an important task in improving democratic centralism in the new historical period. Through unremitting efforts, democracy was further developed within the party. However, because the development and strengthening of democracy within the party is a historical process, it is impossible to eliminate undemocratic practices within the party overnight, and such practices may still be very serious in some localities and units. Thus, the development of democracy within the party is still an arduous task before us.

How can we extend and develop democracy within the party? Advocates of "the multifactional party system" suggested that the party should allow the presence of different factions and lines, and enable these factions to make known their stance clearly and openly. The

Marxist party-building theory and practice tell us that the multifactional party system within the party not only cannot develop democracy within the party but will distort and undermine democracy within the party, even fundamentally change the nature of the party as the vanguard of the working class.

First, because the practice of the multifactional party system will fundamentally change the nature of democracy within the party, it will also change the nature of the party. All forms of democracy have their distinct class nature. As the Marxist party is the vanguard of the working class naturally democracy within the party cannot be anything but the democracy of the working class. This class nature means that democracy within the party must have the guiding line and unified organizational discipline of Marxism and the proletariat as its prerequisite. On the other hand, factions within the party invariably stick to their own program and principle and refuse to accept the party's unified theory, line, and organizational discipline. Inner-party democracy without a common prerequisite means different factions pursuing their own proposition? and remolding party "democracy" in their own image. The history of the international communist movement has proved time and again that the Marxist party which pursued this kind of inner-party democracy would degenerate into an opportunistic party and would even go along with the bourgeois party in its evil deeds.

Second, the practice of the multifactional party system is bound to undermine normal democratic life within the party and sound the death bell for genuine democracy within the party. Applying the Marxist party-building theory, the proletarian party has developed its own scientific criteria for inner-party democracy on the basis of summing up its own practical experience and assimilating the fruits of modern democracy. These include: the party's leadership organs and leading members should be democratically elected on the whole; major party issues should be collectively and democratically discussed and decided on by specific organs; there should be collective leadership in leading organs of the party; the democratic rights of party members must be respected and protected. The practice of democracy within the party shows that only by truly adhering to these criteria and continuously improving them in the course of practice can we develop and protect normal democratic life within the party. If the multifactional party system is practiced and opposition factions are allowed within the party, not only party members but also party organizations will be subject to the restrictions and control of factional principles. When everything revolves round factional principles and factional interests, it will be very difficult to correctly adhere to the scientific criteria of inner-party democracy, and normal democratic life within the party will suffer.

Third, the practice of the multifactional party system not only cannot achieve the true goal of developing democracy within the party, but may turn it into a means of destroying inner-party democracy. The development of

democracy within the party has never been the goal. It is just the means to an end. Its starting point and foothold is to fully arouse the enthusiasm and creativeness of party organizations at various levels as well as the entire party rank, pool their correct opinions, and achieve a high degree of party unity. This has always been an important criterion for measuring the development of democracy within the Marxist party. When the multifactional party system is practiced and different factions are allowed within the party, the solid and unified party is bound to split into many parallel and opposing organizations. There will be several leadership cores instead of a unified leadership, and the whole party will be caught up in meaningless factional squabble or irreconcilable struggles. Under the circumstances, it is futile to talk about giving full scope to the enthusiasm and creativeness of the whole party, strengthening its political, ideological and organizational unity and enhancing its fighting power and rallying force. Not only that. Practice has proved that under the attack of enemies both from within and from without, the party is bound to fall apart and head toward destruction. Thus, when Lenin criticized factional activities inside the Russian Communist Party in 1921, he sharply pointed out: "All factional activities are harmful and cannot be tolerated because even if the representative persons of particular factions really desire to maintain the unity of the party, factional activities will still undermine concerted efforts and enable enemies who have sneaked into the party to step up activities aimed at further splitting the party and, through these splits, to realize their counterrevolutionary aims." (*Selected Works of Lenin*, Vol 4, p 478) In short, theory and practice both prove that the so-called multifactional party system not only is not a theory for the development of democracy within the party, but is a theory that directly harms and undermines inner-party democracy.

It must also be pointed out that agitating for the multifactional party system under the signboard of developing democracy within the party is tantamount to transplanting the multifactional party system of the bourgeois party into our party and turning our party into a bourgeois party. The Marxist party-building theory tells us that in the modern society, all parties are political representatives of particular classes, and they structure their organization and launch activities according to the interests and wishes of their respective classes. As the political representative of the bourgeoisie, the bourgeois party shoulders the mission of protecting the rule of the minority capitalist class. The very nature of the bourgeoisie as a class that goes after superprofit, however, means that inside this class there are inevitably different strata, cliques, and factions with conflicting interests. This determines the existence of several political parties within the bourgeoisie, and that there are several rivalry factions within each political party. Meanwhile, the bourgeois party must also make use of such disguises as the multiparty system and the multifactional system to hide the essence of its monopoly rule. The objective position of the working class in the modern society

means that it has unified interests, common ideal, collectivism, a high degree of organizational discipline and other special qualities. Other than fighting for the interests of the working class and the masses of the people, the communist party which has struck deep roots in this class does not have any interests of its own. Thus, it can become a consolidated, strong and great party with ideological, political, and organizational unity. Any attempt to obliterate the essential distinction between the party of the working class and the party of the bourgeoisie and advocate introducing the multifactional party system of the bourgeois party into our party, whatever the subjective motive, will only turn our party into a bourgeois party and make it lose its nature as the vanguard of the working class.

Thus, in order to extend and develop democracy within the party, we can only rely on the Marxist party-building theory, strictly distinguish between the proletarian party and the bourgeois party, scientifically sum up the experience and lessons of developing democracy within the party, and press ahead along the road of further strengthening and improving the party's democratic centralism. We must not resort to the multifactional party system.

In order to further develop democracy within the party, we must find out the real causes of our mistakes. What is the cause then? Some people think that the cause lies in democratic centralism. Hence they want to abolish democratic centralism. We cannot subscribe to this view. To begin with, this does not tally with facts. Seen from the history of our party over the past 70 years, the development of democracy within the party has been normal and fine most of the time. The reason is that we have correctly implemented democratic centralism. It is also through reliance on democratic centralism that our party has been able to put right various mistakes, even the grave mistake of the Cultural Revolution, and once again embark on the correct road. Second, the reason why democracy within our party is underdeveloped, even seriously undermined, is manifold and complicated. Still, the main reason is that the party's democratic centralism has not been implemented in real earnest and has sometimes been undermined. The development of democracy within the party and the improvement of democratic centralism are not antagonistic, but unified. Thus, democratic centralism does not pose any obstacle to democracy within the party, it protects democracy within the party.

The strengthening of democratic centralism means taking the road of integrating and uniting democracy with centralism. On the one hand, it is necessary to conduct education on inner-party democracy among the entire party rank, help the party members and cadres cultivate the Marxist notion of inner-party democracy and the democratic work style so as to lay a solid ideological foundation and create a good environment for the development of democracy within the party. Meanwhile, doing a good job of building up the system of inner-party democracy is of special significance in developing democracy within the party. As Comrade Deng

Xiaoping summed up: "While our previous mistakes had a lot to do with the ideology and work style of certain leaders, the more important problem lies in the organizational system and system of work. A good system will render the bad people unable to do as they please, while a bad system will render the good people unable to do the best they can, even make them go the opposite way. Even a great person like Comrade Mao Zedong had been seriously affected by bad systems, so that the party, the state and he himself had suffered great misfortunes." (*Selected Works of Deng Xiaoping (1975-1982)*, p 293) We have done much in this connection since the Third Plenary Session of the 11th CPC Central Committee, but our future task remains formidable and arduous. For instance, important systems like the party congress system, the system of election within the party, the system for the protection of party members' democratic rights, the system of collective party leadership, and the system of inner-party supervision all need to be further strengthened and improved. We still need a complete set of concrete and workable rules and regulations to make democracy within the party more institutionalized. On the other hand, it is necessary to strengthen centralism within the party, strictly enforce the party's organizational discipline, overcome decentralism and anarchism within the party, and give democracy the correct guidance. In short, we cannot talk about centralism at the expense of democracy, or talk about democracy at the expense of centralism, but must organically combine a high degree of democracy with a high degree of centralism. Only in this way can we resist erroneous ideas on the question of democracy within the party, correctly implement democratic centralism, continuously extend and develop democracy within the party, and make our party increasingly more full of life.

Leaders Plan To Dissolve Marxism Institute

HK2007020391 Hong Kong SOUTH CHINA
MORNING POST in English 20 Jul 91 p 11

[By Willy Wo-lap Lam]

[Text] Communist Party authorities are planning to dissolve a top-level institute on Marxism which, paradoxically, has become a stronghold of bourgeois thinking.

Chinese sources said party leaders were about to restructure the Institute of Marxism, Leninism and Mao Zedong Thought in the ministerial-level Chinese Academy of Social Sciences.

The institute is not only China's most authoritative research unit on the communist cannon but, in view of developments in Eastern Europe and the Soviet Union, the only bastion of Marxist scholarship in the world.

However, since the early 1980's, it has become a stronghold of reformist thinkers. It was deemed a "disaster area" during the student demonstrations of 1989.

Chinese sources said the authorities were planning to dismantle the unit and to replace it with a new Institute of Scientific Socialism, which would be staffed by "loyalist" Marxist academics.

After the Tiananmen Square massacre, the Communist Party appointed new leaders to the institute, but they have failed to instill discipline in the majority of the "bourgeois-liberal" researchers.

Director Mr Zheng Bijian, who has headed the institute since 1988, has been effectively sidelined since 1989.

Mr Zheng, who is also the social sciences academy's vice-president, is a former personal secretary of the late party chief, Mr Hu Yaobang. Mr Zheng has basically stopped attending to the affairs of the institute.

Power is held by newly appointed vice-director Mr Chen Xianglin, who is also chief of the party cell and of an ad hoc "house-cleaning unit" to check on the loyalty of the institute's staff.

However, Chinese sources said because Mr Chen was a commissar rather than an academic, he was ostracised by his colleagues.

The sources said the institute was the only one in the academy in which June 4-related "house-cleaning" had not been completed.

Nine out of its 70 researchers have been implicated with alleged involvement in the pro-democracy movement.

They included Mr Li Shenping, Mr Peng Kehong, Mr Zhang Xianyang, and Mr Li Shaojun. Mr Li Shenping was imprisoned for a year, and Mr Peng for a month, soon after the Tiananmen Square crackdown.

However, none of the four admitted their "errors".

"The entire institute is in disarray," a source close to the academy said. "Major research plans during the Eighth Five-Year Plan period (1991-95) have not even been drawn up."

"Even though they continue drawing salaries, more than half of the researchers stay at home in a form of passive protest against the party."

The source said the situation in the institute had not improved in spite of an order given by the central Government that from June 1 onwards, all staff members must report to their office every day.

Analysts say the conservative leaders of the party are frustrated by the fact that instead of providing them with theoretical justification for introducing hard-line socialism, the institute has been dominated by free-thinkers who want to "modernise Marxism".

Former institute director Mr Su Shaozhi, an advocate of the market economy, is now in exile in the United States.

Another institute alumnus, Mr Yu Guangyuan, narrowly escaped being kicked out of the party during membership re-registration last year.

CYL To Help Foster Stability, Development

OW2007185191 Beijing XINHUA Domestic Service
in Chinese 1234 GMT 19 Jul 91

[By RENMIN RIBAO reporter Yuan Jianda (5913 1696 6671) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 19 Jul (XINHUA)—Vast numbers of Communist Youth League [CYL] members and youths in the country will play a bigger role in democratic supervision of political, economic, and social activities in China. The CYL Central Committee, the Ministry of Public Security, the Ministry of Supervision, the Ministry of Culture, and other units recently made a decision to unfold an extensive campaign where vast numbers of league members and youths throughout the country will be encouraged to take part in social watch to foster political stability and facilitate economic development.

The campaign will encourage league members and youths to monitor and report on the following unlawful practices: 1) abusing power to achieve personal gains, corruption, bribery, squandering public funds, traveling at public expense, and dining and wining; 2) dereliction of duty through bureaucracy; 3) unhealthy professional tendencies such as abusing privileges to infringe on public interests, making things difficult for the public, extracting dinners and gifts, and obstructing and threatening people; 4) publishing, manufacturing, and distributing pornographic publications and audio-visual tapes; taking and trafficking in narcotics, and gambling; 5) illegal price increases with or without disguise, short-changing customers, and other activities hurting consumers' interests; 6) tax evasion, smuggling, trafficking in smuggled goods, and speculation in foreign exchange; 7) ignoring product quality, economic returns, and production safety as well as manufacturing and marketing fake and shoddy goods; and 8) disregarding public interests, disobeying laws and regulations, and violating bans while conducting economic activities.

In the decision, the CYL Central Committee and other units pointed out: The campaign to engage youths in a social watch is strongly policy-oriented. It should be carried out under the leadership of party committees and governments and around the theme of promoting political stability and economic development. A social watch should start in one's own unit and orient toward society. Proceeding from the actual conditions of each locality, and taking into account peculiarities of each locality, profession, and system, a social watch should be carried out in a positive and steady manner via normal democratic channels and should go from easier matters to more difficult ones with an emphasis on major problems.

To ensure the success of the campaign, the CYL Central Committee and other cosponsoring units decided to

form a leading group for the campaign of youth social watch and announced a watchdog telephone line (5112501). Each province, autonomous region, and municipality also set up a similar leading group and a youth social watch general station. CYL organizations above the branch level should set up youth social watch posts, post-office boxes, and telephone lines to report to in accordance with their actual conditions. By setting up watchdog organizations at each level, a comprehensive social watchdog network will be formed that is vertically and horizontally integrated.

Also cosponsoring the campaign are the China Press and Publications Administration, the State Administration for Industry and Commerce, the State Administration for Taxation, the State Administration of Commodity Prices, and the State Bureau of Technology Supervision.

Pro-Democracy Leader Chai Ling Seeks Dialogue

HK2207042891 Hong Kong MING PAO in Chinese
19 Jul 91 p 2

["Special Dispatch": "Chai Ling Wants Direct Dialogue With Beijing, Expresses Willingness To Return to Beijing If Safety Guaranteed"]

[Text] Chinese student leader Chai Ling, who is living in exile overseas, said on Wednesday that she wished to have a direct dialogue with the Chinese authorities and expressed her readiness to return to China if her safety is guaranteed.

At a meeting of Chinese dissidents in Paris, Chai Ling indicated that a direct dialogue between pro-democracy activists and Chinese leaders is the best way to resolve the present stalemate, adding that she will not return to China as a "wanted criminal."

Authorities Said To Permit Dissidents To Leave

HK2007062591 Hong Kong SOUTH CHINA
MORNING POST in English 20 Jul 91 p 11

[By Willy Wo-lap Lam]

[Text] Beijing has decided in principle to remove obstacles for dissidents and disaffected intellectuals who want to leave the country, according to Chinese sources.

But applications by disgruntled intellectuals to leave China either for further studies or to join relatives will still be handled by security departments on a case-by-case basis.

And Beijing still retains the right to deny exit to actual or potential dissidents as a weapon of intimidation.

Sources in the Chinese capital said that beginning this spring, Beijing had allowed a number of dissidents, including intellectuals freshly released from jail for alleged participation in the 1989 protests, to leave the country.

Before he went into hiding in late June, Shanghai journalist Zhang Weiguo was told by local police that should he want to leave the country, his application would be "handled sympathetically."

One reason for the new policy was Beijing's desire to win trade and other concessions from the West, especially, Most Favoured Nation status from the United States.

But the main reason is that the leadership has concluded that dissident intellectuals would make less trouble for Beijing if they went into exile.

"Party and government think-tanks have studied the behaviour of intellectuals from the Soviet Union and other East Bloc regimes who went into exile in the West," a source said.

"They have concluded that once the dissidents settled overseas, they lost their influence back home and their threat to the regimes was severely blunted."

"Beijing has divided dissidents into four categories: those it must lock up, those whose reputation it will destroy, those it can make use of and those who can be allowed to leave the country," said a scientist who recently left China.

But the sources said Beijing would not issue a blanket decree allowing every dissident to leave.

Journalist Dai Qing, and translator Mr Yang Xianyi have yet to receive permission to take up fellowships respectively at Harvard and Oxford universities.

Hunan Releases Dissident Brothers From Jail

HK2307050991 Hong Kong AFP in English 0449 GMT 23 Jul 91

[Text] Beijing, July 23 (AFP)—China has released two democracy activists jailed after returning to the country, an official spokesman said Tuesday.

Li Lin, 31, and his 24-year-old brother Li Zhi were freed July 15 after serving five-month prison terms for illegally crossing national borders, Hunan provincial government spokesman Yu Dahai said by telephone.

The two fled to Hong Kong after taking part in the 1989 demonstrations in the southern province and returned home in February following China's guarantee that it would not prosecute returning activists.

"The five-month sentences were unrelated with the turmoil," Mr. Yu said, using the official government term for the 1989 democracy movement.

Mr. Li Lin was leader of the banned Workers' Autonomous Association in Hunan and his brother, a pop singer, also took part in protests.

"As we understand, Li Lin and Li Zhi are brothers who are workers in a factory in Hengyang city of Hunan province," the spokesman said.

"On July 10, the Chengbei District People's Court of Hengyang city announced the judgement against them for illegally crossing national borders," he said, adding that their time in detention was counted towards their prison sentences.

During a visit to Beijing in April, former U.S. President Jimmy Carter said Premier Li Peng had assured him that Chinese studying in the United States could return home without fear of arrest or harassment for taking part in the 1989 anti-government movement.

It was not known if the guarantee applied to Chinese activists who fled to other countries.

Leaders of the pro-democracy movement who remained in China have been sentenced to prison terms of up to 13 years.

Security Minister on Cracking Criminal Cases

HK1907042391 Beijing RENMIN GONGAN
BAO in Chinese 28 Jun 91 p 1

[Report by Liu Zhigang (0491 1807 0474): "Tao Siju, Yu Lei Deliver Speeches at Meeting of Some Regions To Exchange Experience in Investigating, Cracking Major Cases"]

[Text] The Ministry of Public Security held a meeting in Beijing of some regions from 19 to 22 June to exchange experience in investigating and cracking major cases. Criminal and investigation department chiefs and heads and public security bureau directors from 17 provinces, cities, counties, railways, and oilfields attended the meeting and exchanged experience in investigating and cracking major cases.

The meeting was presided over by Liu Wen, director of the Criminal and Investigation Bureau under the Public Security Ministry. Public Security Minister Tao Siju and Deputy Minister Yu Lei attended the meeting from beginning to end and made important speeches.

Minister Tao Siju said the central issue of the current meeting is to push forward the work of attacking criminal offenses. Over the years, we have achieved marked successes in nationwide criminal investigation work and made contributions to safeguarding the country's economic construction and protecting the people's interests. Under the conditions of hard work and low remuneration, the broad ranks of security policemen bore the burden of office willingly. Some even sacrificed their lives gloriously in the struggle against criminal offenders. At present, China's public security situation is stable and also grim. To maintain social stability, it is necessary to adopt comprehensive measures, of which attack is primary. To attack criminal offenses, it is essential to crack cases. Only by firmly cracking the cases can we deal certain, accurate, and relentless blows to criminal offenders. If the cases are not cracked, it will be difficult to sternly attack the criminal offenders. In cracking cases, we should pay attention to the main security

problems in the locality, grasp the crucial points, and lose no time to wage struggles against crime in light of the characteristics of local cases. It is necessary to constantly sum up experience and attack criminal offenses wherever they crop up to keep the number of cases under control. Never wait until arrangements are made by the higher authorities or wait for a unified action. Following the crushing of five criminal gangs, the number of cases in Harbin dropped since the beginning of this year. This shows that the city has hit on the vital spot.

Minister Tao Siju called on comrades of the criminal and investigation departments at all levels to master basic skills so that every policeman can become a versatile person. It is necessary to increase the ratio of professional policemen, step up training of the available staff, and improve their technical and professional level. In terms of police force and equipment, we should take China's realities into account, tap our latent potentials, and make efforts to improve the qualities of policemen and strengthen scientific management.

Deputy Minister Yu Lei urged the criminal and investigation departments at all levels to put the cracking of cases in the first place of the "stern attack" drive. While stepping up the investigation and case-cracking work, we should take preventive measures against criminal offenses, find out the loopholes through cracking cases, promote prevention work, and check the cases. We should be good at arousing and mobilizing the masses, and organize the masses to wage struggles against criminal offenders. Publicity of the cracked cases should be conducive to arousing the masses and stimulating the fighting will of the policemen. Meanwhile, we should also avoid side effects.

In his summary speech, Liu Wen, director of Criminal and Investigation Bureau under the Public Security Ministry, urged the criminal and investigation departments at all levels to comprehensively and correctly understand and implement the sternly attacking policy and fully realize the role of investigating and cracking cases in the stern attack drive. In attacking crime, it is necessary to pay attention to the following three aspects: First, investigate and crack cases; second, take special measures to attack crime; and third, improve social order in key areas.

Liu Wen also pointed out: Investigation, case cracking, and attack work should be focused on key points. Viewed nationwide, we should pay attention to two aspects (violence and frequently-occurring crime) and keep close watch on the gangs. The key to cracking cases lies in integrating the efforts of special organs with those of the masses. The staying power derives from stepping up professional training at basic levels and strengthening the building of the ranks of policemen.

TV Documentary Promotes Antidrug Campaign

HK2207051191 Beijing CHINA DAILY in English
22 Jul 91 p 3

[By staff reporter]

[Text] Anti-drug campaigns, closely connected with strategies to develop production, improve medical conditions and enhance literacy, have started up in many prefectures and counties in Yunnan Province, an area which has become one of China's largest opium- and heroin-trafficking regions.

That is the gist of a television documentary "A Record of Anti-Drug Campaigns in China" that was produced by the Audio-video Centre under Beijing-based Health News.

Over 80 percent of the adults in Dehong and Simao prefectures—both trafficking centres—have now become alerted to the serious menace.

In Dehong, a four-tier drug-rehabilitation network has been established, servicing the drug addicts in the prefecture.

More than 6,800 addicts, or 45 percent of the addicts in the prefecture, were successfully treated in 1,249 local rehabilitation centres last year.

About 60 percent of the households in Hefei Village, Ruili County, have built new houses after giving up the habit.

Shuaihan, a farmer who had three addicts in his family, now earns 5,000 yuan annually and has bought some farming machines such as tractors.

Villagers in Mangjie Village, Menglian County, set up a village clinic.

And recreation centres such as cinema, video and even snooker parlours have been built.

Eighty-nine percent of the residents in Arongzhai village, Lancang County, have received literacy education, and all those above 12 years old have learned to read and write.

Approved by the Ministry of Public Health and the National Narcotic Control Committee, the television documentary reviews historic tragedies in old China caused by drug abuse and the remarkable achievements of new China in combating the problem.

It depicts the successful experiences of some provinces such as Yunnan and Gansu in fighting drug abuse and also discuss the current situation and policies that deal with the problem.

China had all but eradicated addiction across the country in the early 1950's, soon after the founding of New China, and for over three decades the country enjoyed the image of a narcotic-free nation.

However, since the late 1970's, illegal drug trafficking through Chinese territory, from the golden Triangle in the border area of Thailand, Myanmar and Laos, has made the problem reappear.

Drug abuse has made a comeback in China and has spread like an epidemic from the border provinces to other parts of the country.

The Public Security Ministry revealed that by the end of 1989, there were about 70,000 drug addicts registered in China as well as a growing number of young addicts. Statistics show that in Lanzhou, the capital city of Gansu Province, 72.6 percent of the drug addicts are between the ages of 16 and 25, and 22.3 percent are between 26 and 35.

In Xian, capital city of Shaanxi Province, over 7,000 young workers are said to be taking narcotics.

And 394 drug addicts in Yunnan have been infected with the HIV virus that leads to AIDs through communal use of contaminated syringes.

Figures from the Chinese Public Security Ministry also showed that from 1985 to 1990, more than 30,000 drug-related cases were uncovered by the Chinese police, and in 1989 and 1990, as many as 2,120 kilograms of heroin had been seized.

In the past six years, 20,000 people involved in drug-related crimes have been arrested and 80 percent of them sentenced.

Family Planning Associations Urge Birth Control

OW1907185091 Beijing XINHUA in English
1458 GMT 19 Jul 91

[Text] Beijing, July 19 (XINHUA)—Family-planning associations are playing an important role in the birth control campaign in China's rural areas.

Informations from a recent symposium on the study of family planning held in Gongzhuling City, Jilin Province, revealed that over 600,000 family-planning associations have been established in 90 percent of the counties, 80 percent of the townships and 70 percent villages in China.

The non-governmental associations have enrolled increasing numbers of workers in birth-control activities, and the formation of the associations have helped to reverse difficulties related to family planning efforts in some areas.

The associations usually select a prestigious person as their chairman, and retired cadre, senior experts, model workers and peasants often serve as council members.

The associations have more than 30 million members, one-third of whom are women who have reached the age of high fertility.

Members of the associations have the obligation to establish regular links with two or three households, and are responsible for informing them of family-planning policies and helping them dispel any misgivings concerning birth control.

Research conducted at the symposium revealed that family-planning associations have become an indispensable force in rural areas.

The associations have established regular links with more than 24 million households in China's rural areas.

Economic & Agricultural

Li Peng Greet Foreign-Funded Enterprises

OW2007181491 Beijing Central People's Radio
Network in Mandarin 0930 GMT 19 Jul 91

[From the "National Hookup" program]

[Text] The Chinese Association of Enterprises With Foreign Investment recently commended 383 enterprises with foreign investment for doing well both in earning foreign exchange and for their volume of business. Ten major enterprises achieved good results in earning foreign exchange, and 10 major enterprises for their high volume of business across the country. Premier Li Peng wrote a congratulatory letter to them.

Premier Li Peng's congratulatory letter said: China's current political situation is stable, and we have achieved fruitful results in improving the economic environment and straightening out the economic order. As a result, more and more foreign firms are investing in enterprises in China. Enterprises with foreign investment already established in China are achieving great results in improving the quality of enterprises, increasing economic efficiency, and expanding exports to earn more foreign exchange. This fully indicates China's policy of reform and openness is correct and that the investment environment in China is good and will be better and better.

It has been reported that over the past few years, enterprises with foreign investment in China have been rapidly developing. They are playing an increasingly greater role in China's national economy and in international economic and technological exchanges. Particularly in earning foreign exchange from exports, they have become an indispensable new force. According to statistics made public by the customs house, in 1990 enterprises with foreign investment across the country earned U.S. \$7.81 billion from exports, up 58.9 percent from the previous year. Its growth rate was higher than 18.1 percent, the growth rate of national exports.

Office Moves Against Trademark Offenders

HK2107023991 Hong Kong ZHONGGUO TONGXUN
SHE in English 20 Jul 0500 MT

["China Taking Strict Action Against Counterfeiting and Breaches of Trademark—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, July 20 (HKCNA)—A Japanese firm enjoying the franchise of using the brand name "Matsushita" was recently informed by the Beijing Municipal Industrial and Commercial Administration that in May it had checked 11 enterprises here accused of marketing counterfeit videotape recorders using the "Matsushita" brand name. The administration fined the offenders over RMB 40,000, confiscated more than 4,000 videotapes bearing false trademarks and destroyed all the false trademark labels.

The administration's Deputy Director, Mr. Bian Yaowu, briefed reporters on such cases at a press conference held here recently. Industrial and commercial administrations across the country investigated and checked 13,294 cases of breach of trademark and counterfeiting in 1990, seizing and destroying 5.2 million false trademark labels and handing out fines of RMB 18.93 million.

Industrial and commercial administrations at all levels further strengthened their work in the first half of this year, effectively safeguarding the legitimate interests of registered trademark holders. Breaches of trademark and counterfeiting still existed in some areas and these were serious in particular regions.

Mr. Bian said that any person or group entitled to a trademark franchise would receive protection of the law irrespective of the franchise holder's nationality or the nature of his franchise. Offences involving counterfeit trademarks would be handled with severity in accordance with the law as promptly as possible, Mr. Bian added.

Zhu Rongji Cited on Problem of 'Debt Chains'

HK2207152291 Beijing ZHONGGUO XINWEN
SHE in Chinese 1436 GMT 19 Jul 91

[Roundup by Reporter Tian Huiming (3944 1920 2494): "China Is Exerting Its Utmost To Break "Debt Chains"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 19 Jul (ZHONGGUO XINWEN SHE)—China's economic activities have resulted in a strange phenomenon: Defaulting on debt repayment between enterprises. The situation is worsening with the debt exceeding 2 trillion yuan. Just as a "couplet" goes: You are in debt to me and I to you and no one has cleared accounts; people refund old debts by means of a new loan and they have difficulty discharging debts.

The "debt chain" has constituted a malignant tumor obstructing China's economic activities. We have to cut it off. In March last year, the State Council set up a leading group for clearing debt default headed by Zhu Rongji. Since then the leading group has worked with great difficulty. Today, at the mobilization meeting called by the State Council Leading Group for Clearing Debt Default, Vice Premier Zhu Rongji stressed: The State Council is determined to settle the problem of "debt chains." I hope all departments concerned will make concerted efforts to alleviate the burden on all enterprises.

In the 1960's China saw "debt chains" to the amount of 5 billion yuan but the debts were cleared through several months of work.

However, the existing "debt crisis," which started in the late 1980's, bore down with a menacing force, spread on a wide scale, lasted a long time, and denied many past efforts to solve it. This goes against expectations of many economists and even high-ranking officials.

Liaoning, China's heavy industrial base, comes out first among other provinces in this respect with the "debt" hitting 25.3 billion yuan. Hebei, which has an intermediate gross industrial and agricultural output value, is also plagued by "debt chains" involving 13.4 billion yuan. Almost all provinces, cities, and autonomous regions get involved in the "debt chain" in varying degrees.

The Shanghai Baoshan Iron and Steel Company is owed 2 billion yuan. As this figure has reached its load-bearing limit, it submitted four emergency reports to the State Council. The Capital Iron and Steel Company is owed 1.7 billion yuan while being 700 million yuan in debt. The Anshan Iron and Steel Company, China's number one iron and steel complex, occupies first place among the three. It is at once a creditor and a debtor. In the former case, some 270 units are 2.3 billion yuan in debt to it; in the latter case, it is 2 billion yuan in debt to 120 units. A dozen provinces are involved in it, and there is always "a contingent" of a thousand collectors coming to the company to press for payment of debts.

Economists believed many complicated factors rather than fund shortage for enterprises alone are behind the "debt chain."

1. Too many units launched capital construction or technological innovation projects when they did not have enough funds at their disposal. As a result they were unable to pay off the money they owed factories. This is a common occurrence. A survey shows a total of 8,000 new projects were started in the first half of the year, 4,000 more than the same period last year. Many units launched projects at will. When they had too many problems to tackle and ran short of money, they repudiated debts. This is the reason why many units are in debt again not long after they cleared their old debts.

2. Enterprises lost money or did not have enough money to meet their need on account of poor economic efficiency and excessive stockpiles of manufactured goods. As a result, they began the cycle of debts—loans—more debts—more loans.

3. The market was in disorder, bank accountings did not follow a rigid procedure, enterprise operators do not fully understand the need to keep their word, and the authorities concerned failed to exercise effective supervision and impose strict sanctions. All this made debtors, who did not act in good faith, feel at ease and justified.

The mobilization meeting held today by the State Council Leading Group for Clearing Debt Default stressed that it is

necessary to deal with the root cause of the "debt chain" by first tackling the investment in fixed assets to undo debt chains. We must determinedly refuse applications for new loans while clearing up old debts in a bid to restore industrial production and put economic activities on the right course as soon as possible. The meeting relayed Premier Li Peng's instructions and called on all localities and departments to regard the effort to break the "debt chain" as a point of breakthrough for invigorating medium-sized and major enterprises and to improve economic efficiency, trying to achieve quick and fruitful results. The meeting decided to direct main efforts to pilot project work for tackling the "debt chain" in the three northeastern provinces and send work groups to various provinces, cities, and autonomous regions to help local authorities with their pilot project work from now until mid-August. Later, the State Council will call a national work conference on the "debt chain."

It seems that the authorities "will mean what they said" this time.

People's Bank Governors Meet in Beijing

Credit Control Stressed

OW1907173391 Beijing XINHUA Domestic Service
in Chinese 0412 GMT 19 Jul 91

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 19 Jul (XINHUA)—Guo Zhenqian, vice governor of the People's Bank of China, said today: China's financial situation in the latter half of this year does not allow room for optimism. Therefore, an important task at present is to continue our efforts to control the total amount of loans extended.

Guo Zhenqian briefed a meeting of People's Bank of China branch governors here. He said: Generally speaking, our country's financial situation in the first half of this year was stable. Credit plans were basically carried out as usual. From January to June, savings of various forms in banks and credit cooperatives grew considerably, the total volume of currency and credit was brought under control, and the credit structure was further readjusted.

Guo Zhenqian said: Presently, certain economic and financial aspects are still acute. There is still no improvement in the substantial use of circulating funds by enterprises. Slow turnover and low economic returns remain unchanged. The situation of enterprises squeezing, seizing, and diverting bank loans is still rather serious. In particular, in the earlier half of this year, the net amount of banknotes recovered from circulation by banks was only 12.7 billion yuan, or a decrease of 12.1 billion yuan in recalled banknotes compared to the same period of last year. The potential threat of inflation grew stronger. All this, plus the flood disasters that recently struck successively in 18 provinces and municipalities in the country have greatly exerted an adverse influence on the financial sector.

Guo Zhenqian said emphatically: In addition to enforcing strict control in the latter half of this year, we should, in performing our financial work, abide by the principle of suitably fulfilling some of the actual needs. We should strictly implement credit plans and extend loans according to the approved amount. We should not grant excessive loans without prior permission. In extending loans, we should conscientiously deal with each case on its merit, by preferring prominent cases to those below par, reducing unrational loans, and optimizing the loan structure.

Guo Zhenqian stressed: In the latter half of this year, banks at all levels must earnestly make arrangements to set up funds to purchase agricultural and sideline products during peak periods and continue to effectively carry out work to tap the potential of funds and reserve circulation funds. As for enterprises that actively deal with losses incurred by overstocked products and materials that are stocked too long, banks can temporarily stop treating them as nonprofitable regarding credit policies and support the enterprises in technical transformation and in their efforts to readjust product mix and improve product quality. The banks reserve the right, however, to refuse to grant credit to enterprises that do not submit required reports, reports lower than actual production cost, or falsify profits.

Guo Zhenqian also asked banks at all levels to actively assist relevant departments to break "debt chains." He said emphatically: To avoid the problem of enterprises owing debts as soon as they have paid previous ones and to stop the abnormal phenomena of enterprises trying to improve performance, circulate funds, or maintain business by delaying debt payment, banks should vigorously promote efforts to accept and give discounts and rediscounts to commercial bills in business undertakings. Banks should promote commercial bills and handle discounting and rediscounting of such bills in "double guaranteed" enterprises that commit themselves to state directive plans. Banks should also promote such bills in the purchasing of industrial goods with good market demands by businesses, supply and marketing cooperatives of materials, and foreign trade enterprises. In addition, banks should enforce strict discipline and more supervision in account settling and reorganize the order of such account settling efforts.

Focus on Disaster Loans

HK2107081291 Beijing CHINA DAILY in English
20 Jul 91 p 1

[By staff reporter Wang Xiangwei]

[Text] China will continue to keep a tight rein on money and credit supplies in the rest of this year but flexibility still exists as a result of the serious flooding and a strong demand for loans.

The People's Bank of China should also focus its efforts on aiding flood victims and clearing bulging debt defaults, said Guo Zhenqian, the bank's deputy governor.

He told a national banking conference in Beijing yesterday that the financial situation in the second half of this year will allow no room for optimism as the serious flooding which swept 18 provinces and cities will have a bad impact on banking.

And more loans have to be provided to help clear the debt defaults which were considered to be the major obstacle for the country's economic development.

Chinese economists said that, according to history, serious flooding often forced the banks to print more money to cope with the situation and thus increased the risks of price hikes.

Guo echoed the argument, pointing out in his speech that the currency withdrawals in the first half of this year were not as good as the same period last year and that inflationary pressure is building up.

"In the face of problems in the second half of this year, various banking leaders must keep a careful eye on the current situation and never lower their guard," Guo said.

He urged local banks and insurance companies to make co-ordinated efforts to provide loans and make compensation to flooded areas.

He said that on approval from the central bank, the agricultural banks could increase loans on agriculture, commerce and rural industries for flooded areas, and added that demand for loans is getting stronger as the Chinese economy is bouncing back fast.

"As a result, keeping a tight control over the general provision of loans should continue to remain one of the current important tasks for the banks," Guo said.

But he also hinted at some flexibilities so as to "meet practical needs."

He said that local banks should step up efforts to assist departments to clear debt defaults among enterprises. These are on the rise again despite the government's efforts to pump billions of yuan in to solve the problem. Some Chinese economists put current debt defaults at about 150 billion yuan (\$28 billion).

Meanwhile Guo also reviewed the financial situation in the first half of this year, expressing satisfaction at the steady financial development.

He said that in the first half of this year, deposits and savings increased by 192.7 billion yuan, 46.5 billion yuan over the same period last year.

He explained that banks have successfully brought the money and credit supplies under control with further improvements in loan structures.

Guo said that in the first half of this year, 58.1 billion yuan in loans had been provided within the limitations of the government plans, less than the same period last year.

During the period, the banks have provided 2.1 billion yuan more in loans to support agricultural production and 1 billion yuan more for rural industries.

Banks also increased loans by 6.2 billion yuan to support the government's efforts on key capital construction projects and technical renovation projects.

The banks have also increased the proportion of loans to mid-size and large enterprises following the government's call for restoring those enterprises to the dominant role in the Chinese economy.

Financial Restructuring Urged

OW1707120591 Beijing XINHUA Domestic Service
in Chinese 1225 GMT 16 Jul 91

[By reporter Ding Jianming (0002 1017 0900)]

[Text] Beijing, 16 Jul (XINHUA)—Reform in China's financial system, which was quiet for some time, has become order of the day again. As revealed at a national meeting of branch presidents of the People's Bank of China held here today, China will continue to actively and systematically promote and deepen its reform of the financial structure in accordance with a planned, systematic, and prudent manner in the next decade and during the Eighth Five-Year Plan.

Goals of the reform of the financial system are as follows: It is to improve and perfect the central bank's macroeconomic regulatory and controlling system, and improve and perfect also the financial organizational system under which various types of financial organizations coexist, share out the work, and cooperate with one another under the central bank's leadership with the state banks as the main form. Meanwhile, with perfected regulations, we are to establish a unified socialist financial organizational system and modernized financial management system across the country.

It has been learned that China's financial circle has actively explored ways of financial restructuring since 1978 in accordance with Comrade Deng Xiaoping's instructional guidelines that banks should function as actual banks and that they should act as levers for economic development and technical innovation. The financial circle has achieved outstanding results. They are as follows: It has preliminarily established a set of financial macroeconomic regulatory and controlling system. It has opened up the financial market, preliminarily establishing a financial market with the main form as a call money market and a market where bonds are issued and transferred within the financial circle. And, it has regulated surpluses and shortages of funds in different areas, professions and trades, and seasons, thus raising the turnover rate of funds. It has explored ways of enterprise management by specialized banks. It has expanded the banks' scope of credits by beginning to extend loans for technical transformation, infrastructural construction, science and technology, tourism, and services, as well as loans in foreign exchanges. It has

developed insurance business, and preliminarily established a social economic compensation system. Moreover, it has reformed the administrative system on foreign exchanges and expanded opening up of financial links with the outside world. According to statistics, as of the end of 1990, various deposits in banks and credit cooperatives reached 1,304.8 billion yuan, nine-fold increase over 1978. The balance of various loans was 1,654.1 billion yuan, increase of 7.7 times over 1978. The number of various financial organizations also increased by 4.3 times over 1978.

In his warning to everyone here today, Zhou Zhengqing, vice governor of the People's Bank of China, said: Financial restructuring is a very complicated systematic project. Reforms in the previous period were merely an exploration. At present, some relations in economic and financial work have yet to be perfected. Dispatch, regulating, and control of credit funds are not flexible. Operating autonomy of banks is yet to be further materialized. Financial market needs to be further opened up and developed. Zhou Zhengqing pointed out that all these problems need to be resolved through financial restructuring.

Consequently, Zhou Zhengqing said: The major contents for deepening the financial restructuring in the next decade and during the Eighth Five-Year Plan period are as follows: It is necessary to further strengthen the central bank's macroeconomic regulatory and controlling functions; strictly control the scope of issued currency and credits; sensibly specify usage of credit funds according to the state's industrial policy; and effectively apply financial means such as interest rates, reserves, refinancing, and exchange rates so as to achieve an overall balance and restructuring of the national economy and prevent inflation. We should perfect the vertical leadership system of the central bank and strengthen the central bank's leadership and management over specialized banks. We should continually encourage savings by residents; systematically increase issuing bonds and shares in a planned manner and strictly strengthen management over them; and gradually diversify the social financial assets. It is necessary to steadily develop the financial market, open up channels to gather funds, and perfect the circulation market. We should prudently set up experimental stock exchanges in big cities that have the conditions, and gradually establish a regularized exchange system.

Floods Cause Serious Economic Losses

OW2207143091 Beijing XINHUA in English
1327 GMT 22 Jul 91

[Text] Beijing, July 22 (XINHUA)—Summer floods are certain to cause severe losses to China's economy as annual grain yields will decrease and financial expenditures increase this year, a government official said here today.

Zhang Zhongji, spokesman for the State Statistical Bureau, said at a press conference that the flood-affected farmland amounted to 16 million ha, with crops on 2.6 million ha of farmland completely washed away. In

addition, about four billion kg of grain stocked in the open air has been destroyed.

He said that the floods have also delayed crop-sowing, thus autumn crops will be susceptible to cold temperatures and early frosts. As a result, crop yields for the whole year are expected to decline.

Zhang noted, however, that summer grain outputs are reported to have amounted to 98.2 billion kg, 1.9 percent less than the record level. Moreover, summer rapeseed output reached 6.98 million tons, 350,000 tons more than last year's output, he added.

Zhang said that the floods have caused a large number of industrial enterprises to suspend production, adding that industrial output will be affected in July and August. Nonetheless, from the view of the whole country, industry will fulfill its annual production target.

Due to the floods, he said, state revenue will drop while expenditures will grow.

However, the spokesman has ruled out the possibility of severe inflation owing to the floods this year.

Judging by the short term, he said, the relation between the supply and demand was stable. The fluctuation of the general level of prices would not be significant if the degree or force of macro-regulation by the government is appropriate. But in the long term, guarding against inflation will still be an important task of macro-regulation.

Targets Still Attainable

HK2307063491 Hong Kong SOUTH CHINA
MORNING POST in English 23 Jul 91 p 10

[By John Kohut in Beijing]

[Text] The floods that have plagued China for two months are likely to take a toll on the Government's budget deficit, but the country should still be able to fulfill most of its economic targets this year, according to a senior Chinese official.

State Statistical Bureau spokesman Mr Zhang Zhongji said yesterday that although it was too early to make estimates, the budget deficit would almost certainly rise because of unforeseen government expenditure on fighting the country's worst floods in decades.

At the same time, revenue from tax and enterprise profits was likely to fall because of the havoc wreaked on agriculture and industry.

Officials estimate that the flooding has caused 40 billion yuan (HK\$57.84 billion [Hong Kong dollars] worth of damage across the nation.

Before the floods, the central Government had projected a budget deficit of 14 billion yuan for 1991, the same as last year.

However, thanks largely to higher-than-expected growth in the first half of the year, Mr Zhang said the main economic targets would be met.

"Up to now, there are no plans to re-adjust production targets," Mr Zhang said yesterday.

In the first six months of 1991, the gross national product was 820.7 million yuan, a 6.1 percent increase over the same period of 1990. The government's Gross National Product growth rate target for 1991 is 4 1/2 percent.

Industrial output rose to 1,126 billion yuan, 13.4 percent higher than that for the first half of 1990, and more than double the 6 percent growth targeted for 1991 in the Government's current economic plan.

Despite flooding, "the production of summer crops for the whole country was still good", said Mr Zhang. He estimated the summer grain crop at 98.2 million tonnes, 1.9 percent lower than last year.

Other crops did much better. For example, output of oil-bearing crops rose to 6.98 million tonnes during the first half of the year, 350,000 tonnes more than the same period of 1990.

Mr Zhang did not comment on whether China would still be able to achieve its 1991 grain output target of 425 million tonnes. Other officials have expressed fear that the more important autumn harvest could be badly hurt by the floods.

Despite the devastation of grain crops in the flood-stricken areas, Mr Zhang said inflation was under control and he did not forecast any "dramatic fluctuations" in prices.

Supply of basic materials "can be ensured", he said. Peasants had a large supply of grain on hand thanks to bumper harvests over the past two years, he added.

However, Mr Zhang warned that there was still potential for renewed inflation coming from a rapid expansion of the money supply.

During the first half of the year, "money supply exceeded the demand of economic development, resulting in mounting pressure of potential inflation", he said.

Though there was no immediate threat, "over the long term, it is still important to be on guard against inflation", Mr Zhang said.

Statistical Bureau Cited on Economic Situation

'Symptoms of Overheating'

HK2207141591 Hong Kong ZHONGGUO TONGXUN
SHE in English 1330 GMT 22 Jul 91

["Feature: Symptoms of Overheating in Chinese Economy Appear"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, July 22 (HKCNA)—Two authoritative advisory governmental institutes have warned of evident symptoms of overheating in China's present economic growth and suggested that resolute and timely measures must be adopted to avoid the recurrence of another up and down in the economy.

An investigation report prepared by the Department of Integrated Statistics of the National Economy under the State Statistical Bureau pointed out that "symptoms of an overheated economy are emerging as economic operations have been accelerating this year". The department also listed some concrete data to prove the possibility of a re-overheating of the economy.

Another report done by the Group for Analyzing and Forecasting Economic Trends under the Chinese Academy of Social Sciences led by economists including the celebrated Liu Guoguang, who is also the Vice-President of the Chinese Academy of Social Sciences, came to the same conclusion. This report also gave an analysis of the deeply-rooted factors leading to a possibly overheated economy. These are:

- In 1990, all kinds of loans underwent the largest rate of growth in the past four years.
- Investment has continuously increased over the last two years.
- The budget deficit has been maintained at a high level, with administration expenses largely exceeding the budget?
- The stability of prices is just temporary.
- Factors causing inflation within the Chinese economic system have not yet been eradicated and the wish in different departments and different areas for a high growth rate is still very strong.
- Some measures to be adopted for the sake of guaranteeing local interests and ensuring high growth rate revenue are also factors causing a possibly overhated economy.
- Temporary side effects of price reform measures which have already been implemented or are to be adopted will also have certain effects on the economy.

The economists point out that in a bid to avoid further overheating, a ceiling for the growth rate of the economy and relevant concrete measures should be taken in time. Also the size of newly-granted loans should be strictly controlled, the interest for savings and loans should be raised and not lowered and expenditure should be strictly controlled so as to lower budget deficits.

Inflation Under Control

OW2207144291 Beijing XINHUA in English
1408 GMT 22 Jul 91

[Text] Beijing, July 22 (XINHUA)—China has brought inflation under control with the retail price index climbing 1.8 percent in the first half of this year, a government official said here today.

Zhang Zhongji, spokesman for the State Statistical Bureau, said at a press conference that the price hikes were lower than expected.

He surmised that this is because the prices of meat, poultry, eggs, vegetables and durable consumer goods fell and that the government lowered the prices for overstocked goods this year.

Yet, he noted, prices related with grain, oil and service items increased a great deal. The cost of living in 35 large and medium cities climbed at an average 6.9 percent during the past six months, topping 10.9 percent in June.

Following the price reform during the last quarter of 1990, this year has seen the adjustment in the prices of steel, pig iron, crude oil, refined oil, coal and railway freight transportation. In particular, the rationing adjustments for food and vegetable oil were successful.

The spokesman said that these conditions have made an important contribution to solving the problems regarding the low price of basic products, and have played an active role in encouraging the development of basic industry and alleviating the government's burdened subsidies program.

He said that incomes increased in the first half of this year, with the semiannual per capita monetary wage of urban employees up 11.6 percent. Meanwhile, the per capita cash income of farmers was 328 yuan, up 10.7 percent.

By the end of June, he said, the savings accounts of urban and rural residents were 122.3 billion yuan more than the figure at the beginning of this year.

'Stable Development'

HK2307062491 Beijing XINHUA Domestic Service
in Chinese 0758 GMT 22 Jul 91

[Report by correspondents Xu Yaozhong (1776 5069 0022) and Wu Shishen (0702 1102 3234): "In First Half of This Year, Our Country's Economy Changed From Recovery to Stable Development"—XINHUA headline]

[Text] Beijing, 22 Jul (XINHUA)—In the first half of this year, China's economy advanced from recovery to stable development. The GNP reached 820.7 billion yuan, up 6.1 percent over the same period last year at a growth rate clearly higher than that in the same period last year.

Zhang Zhongji [4545 6988 105], spokesman for the State Statistical Bureau, gave a briefing on the situation today: Since the beginning of this year, the over-10-percent growth rates in fixed assets investment, total retail prices of commodities, and total export volume have played a positive role in enhancing the vitality of the economy. A basic balance between the increasing total demand and supply was of great significance to normal economic development.

Situations in various localities showed that a comprehensive growth was registered in industrial production

and market sales in the first half of this year. A general increase was seen in the industrial production of 30 provinces, autonomous regions, and municipalities throughout the country, and a quicker development momentum was maintained in coastal areas. Output of major industrial products, such as electricity, pig iron, cement, vehicles, color television sets, wool fabric, beer, and bicycles, rose by a large margin. Total retail sales volumes in various localities increased in a comprehensive way, and business in urban and rural markets tended to be increasingly brisker. Both state-owned and non-state-owned economies maintained highly high growth rates, while the leading role of the former was enhanced. In the first half of this year, the proportion of newly increased output value of industries owned by the whole people in the total additional industrial output value rose from 14.2 percent in the same period last year to 44.8 percent.

Though production in some localities dropped due to disastrous flooding, judging from the general situation in the entire country, good harvests were reaped in summer grain and oil-bearing crops. Since last winter, thanks to various effective measures to step up the capital construction of farm land and promote agriculture through the application of science and technology, areas sown to summer grain and oil-bearing crops increased. According to preliminary statistics, the total output of summer grain reached 98.2 billion kg, down 1.9 percent from the record output; while that of summer rapeseed reached 6.98 million tonnes, 350,000 tonnes more than that of last year. The production of foodstuffs covered by the "shopping basket" project was also on a stable rise.

Zhang Zhongji pointed out: Although the economic situation continued to take a turn for the better in the first half of this year, no significant improvement was shown in the country's poor economic efficiency and financial difficulties; and problems such as overstocking of products and "debt chains" in enterprises were still serious. In particular, the serious natural disasters in the last couple of months have had an adverse impact on the normal development of the economy. At present, we should make great efforts to combat natural disasters, provide relief to stricken areas, and provide for and help ourselves by engaging in production. In the macroeconomic field, we should not only maintain an appropriate growth in the economy, but also strengthen the structural readjustment and enhance economic efficiency. Meanwhile, we should also make continued efforts to deepen reform and further rationalize various economic relations.

Effects of Floods

HK2307055291 Beijing CHINA DAILY in English
23 Jul 91 p 1

[By staff reporter Wang Xiangwei]

[Text] Gross national product in the first six months rose 6.1 percent to 820.7 billion yuan (\$153.27 billion), but the

flood disaster in East China is threatening continued economic growth, according to the State Statistical Bureau.

The buoyant first half compared favorably with last year's GNP growth rate of 2.1 percent, said bureau spokesman Zhang Zhongji yesterday.

However, he said that despite the healthy increase, China's economy was still beset by problems of low economic efficiency, debt defaults and budgetary imbalance.

The floods which have ravaged 18 provinces and regions in the last month would further compound these economic ailments, he said.

Zhang said the grain production this year would probably decline as a result of the flooding but was confident that industrial targets would be met.

Preliminary estimates put the total output of summer grain at 98.2 billion kilograms, 1.9 percent below last year's harvest.

Furthermore, at least 10 percent of grain stored in the flood-hit areas was rotting because of the damp conditions.

He said the overall economic impact of the floods remained to be seen, but the government had no plans to alter industrial and agricultural production because of the disaster.

Zhang said floods had left 2,079 people dead in Anhui and Jiangsu provinces and affected lives of more than 200 million people with the direct losses of 40 billion yuan (\$7.48 billion).

As a result, the budgetary situation would continue to get worse as the government pumped billions of yuan into flood relief.

The growth of government revenues had been slower than the growth of industrial production because of low economic efficiency, soaring production costs and bulging debt defaults.

Reviewing the overall economic development in the first half, Zhang said that the economy had seen an improved relationship between supply and demand.

Statistics showed that investment in fixed assets grew 14 percent to 174 billion yuan (\$32.52 billion), with the state-owned enterprises accounting for 21.4 percent of the total.

Retail sales increased 12.8 percent to 458.1 billion yuan (\$85.63 billion), of which urban sales rose 16.9 percent and rural sales were up 9.4 percent.

Industrial output went up 13.4 percent to 1,126 billion yuan (\$210.47 billion).

Zhang said prices remained stable although the government had lifted prices of grain and edible oil, among other price increases in the first half.

The general price level of retail sales—one of the important indicators for inflation—rose 1.8 percent.

He said that he did not foresee any big price fluctuations in the near future but warned of a resurgence in inflation.

People continued to enjoy good incomes, with a worker's average salary rose 11.6 percent to 1,039 yuan for the first half of this year and a farmer's average cash income stood around 328 yuan, up 10.7 percent.

Savings saw a corresponding boost, with 122.3 billion yuan deposited into banks in the first half, bringing national savings to 825.7 billion yuan by the end of June.

Economic Structural Reform Pondered

Chen Jinhua on Principles

HK2207064691 Beijing JINGJI CANKAO
BAO in Chinese 7 Jul 91 p 4

[Report excerpted by Wu Mingxiang (0702 0682 0742) from ZHUZHI RENSHI BAO (Organization and Personnel Journal) of 9 May 1991: "Chen Jinhua on Guiding Principles for Economic Structural Reform in the 1990's"]

[Text] Chen Jinhua, chairman of the State Economic Structural Reform Commission, recently talked about three guiding principles for economic structural reform in the 1990's.

First, there is a need to persist in the socialist orientation. Four problems are involved: 1) Public ownership should be taken as the main component. Policies and measures should be formulated to guarantee that public ownership remains the main component, and conditions should be created for equal competition between different economic sectors. In the past, three kinds of partially or wholly foreign-owned enterprises, collective enterprises, and individual enterprises were given too much support whereas state-owned enterprises received little support. 2) Distribution according to work should remain the main form of distribution. Unfair distribution, the practice of "everybody eating from the same big pot," and egalitarianism still exist. A wage system characterized by personal responsibility, ability, and work load should be gradually set up, making all allowances parts of wages. Management should be strengthened over collection of personal income tax. 3) The principle of common prosperity should remain implemented. It is necessary to assist some people in becoming better off ahead of others through honest work and to enable the rest to become better off. This is the road of common prosperity. 4) Precautions should be taken against the Western plot of peaceful evolution, to ensure long-term socialist stability.

Second, reform should proceed in light of China's national conditions, and we should build socialism with Chinese characteristics. We should not be overanxious for quick results. Of course, we should also be aware of

world development trends and raise our sense of urgency for reform. We should speed up those reforms in some difficult aspects when a relaxed economic environment presents itself.

Third, the relations between reform and development, and between reform and maintaining stability should be correctly handled. The purpose of reform is to promote economic development, so reform should be carried out in accordance with the country's economic development strategy. Reform is also aimed at ensuring socialist stability. 1) More contradictions and the actual situation should be taken into account when drawing up reform programs and plans. 2) Consideration should be given to the ability of the state, the enterprises, and the individual to withstand the strains when introducing major reform measures, to prevent big repercussions in society. 3) Reform measures should be improved and adjusted according to actual conditions so that these measures will become standardized and systematized.

Research Office Set Up

HK2007035191 Hong Kong CHING CHI TAO
PAO in Chinese No 28, 15 Jul 91 p 12

[Article from "China Economic News" column: "State Restructuring of the Economic System Commission Sets Up New Research Institute"]

[Text] The State Restructuring of the Economic System Commission recently set up a new research institute called the "Institute of Economic Structure and Management," which is responsible for studying the theories and measures for economic restructuring and management, providing consultant services on economic structure and management, and contacting and organizing social forces to study economic structure and management.

The State Restructuring of the Economic System Commission formerly had two research institutes, that is, the Institute of Restructuring the Economy and the Institute of Economic Management. In the wake of the Beijing disturbance, the former was abolished. People were worried that there would be no other units to carry on the study of economic reform. That is also a factor causing people's misgivings about whether or not China upholds the policy of reform and opening up. After abolishing the Institute of Restructuring the Economy, the State Restructuring of the Economic System Commission, on the basis of readjusting and expanding the study scope of the Institute of Economic Management and increasing the staff, set up a new institute of economic structure and management which undertakes the task of studying economic restructuring. This has increased people's confidence in China's maintaining the policy of reform and opening up and showed the Chinese authorities' determination to persist in the policy.

It is learned that the new institute has an official size of 110 people, 20 people less than the total number of personnel in the two former institutes but 30 people more than the staff of the former Institute of Restructuring the Economy. While

continuously studying economic management, the institute will pay more attention to studying reform of the economic structure in the future.

Tax Payments Targeted

OW1907074091 Beijing XINHUA in English
0632 GMT 19 Jul 91

[Text] Chongqing, July 19 (XINHUA)—China is trying out a reform of the operational mechanism of enterprises in a bid to streamline the capital distribution setup between the government and enterprises.

The reform, involving a system requiring payment of tax plus a percentage of profits to the state, and payment of tax before loan repayment or any retention of profit, has been piloted by the ministry of finance in a dozen Chinese cities, prefectures and industries since 1988.

It is aimed at standardizing the relationship between the state and enterprises and creating conditions for fair competition among enterprises, as well as improving and developing the contract responsibility system in enterprises.

The system is expected to further increase enterprises' vitality and potential while ensuring a steady rise in state revenue. At the same time, it will ensure that enterprises have the ability to pay their taxes.

In his speech to the fourth session of the National People's Congress earlier this year, Chinese Premier Li Peng called on the government and enterprises to continue to practise such a system on a trial basis.

Chongqing, China's most populous city, took the lead in piloting the system in its 687 state industrial and commercial enterprises in 1988.

According to Luo Ping, chairman of the Chongqing City Commission for Restructuring the Economy, the city began to reduce the income tax rate and abolished the regulatory business tax. It collects income tax from all enterprises and earnings on assets from state-owned enterprises as owner of the assets and requires enterprises to repay new loans after payment of tax.

Luo explained that this means the loans should be paid back with profits after paying tax; enterprises themselves take the responsibilities and risks involved in getting loans.

According to statistics, the gross industrial output value of the Chongqing enterprises in 1988 was up 13.48 percent over 1987, the amount of taxes and interest they delivered to the state, up 61.12 percent, and the profits they retained, up 48.78 percent.

A survey report shows that a number of cities in Fujian, Heilongjiang and Henan Provinces, which have also tried out this reform on a small scale, have also achieved successes.

Luo Ping said, "this indicates that China is doing away with the conventional system of delivering integral tax which included part of profits to the state."

Luo noted that ever since the 1950's, when state-run enterprises were established, until the reform of recent years the central government was both the owner and manager of enterprises.

The integral tax delivered to the state presented an obstacle to standardizing, rationalizing and legalizing the relations of distribution between the state and enterprises.

"This led to the fusing of the functions of government and enterprise," Luo noted. "When the state was short of money, it asked enterprises for it because it monopolized their production."

The enterprises, which could not enter market competition, had to rely on the state for development.

Wang Renyuan, deputy secretary general of the State Commission for Restructuring the Economy, said that the practice of the system will limit the government's arbitrary administration of enterprises as well as the behavior of enterprise managers. China's national reform of the economic system, aimed at enlivening large and medium-sized enterprises, began with restructuring the system of distribution about ten years ago.

In 1983 the state replaced the integral tax system with the system of paying taxes only instead of profits.

As a result, the state took most of the income in the annual distribution and enterprises retained only a small amount of profit after delivering the tax, thus greatly affecting their production potential.

A number of economists agreed that only by practising the system requiring "payment of tax plus a percentage of profits to the state, and payment of tax before loan repayment or any retention of profit", can China abolish the old system of distribution between the government and enterprises.

The economists acknowledged that the promotion of the system is an arduous task and it represents another "revolution" following the contract responsibility system.

Wage Reforms Formulated

HK1907063191 Hong Kong WEN WEI PO
in Chinese 15 Jul 91 p 2

[Report by staff reporter Chen Chien-ping (7115 1696 1627): "Two Specific Schemes on Reform of Wage System to Be Adopted Soon"]

[Text] Beijing, 14 Jul (WEN WEI PO)—According to authoritative sources here, the CPC top leadership took the issue of reforming the wage system as an important subject on the agenda of a recent meeting of the Political Bureau Standing Committee. In General Secretary Jiang Zemin's words, the Standing Committee previously attached more importance to issues in the field of production, it is time to sit down to study issues in the field of distribution. Li Ruihuan, member of the Political Bureau Standing Committee, also said that the issues of

prices and wages are the two toughest problems in reform. It is learned that two schemes for reforming the wage system has been approved by the top leadership and will soon be put into practice.

One is the scheme submitted by the Ministry of Personnel for adopting a wage grading system in state organs. According to the same authoritative sources, the scheme stresses changing the situation in which salaries for some cadres who have been working in state organs for a long time remain at too low a level. The top leadership affirmed that the scheme of the Ministry of Personnel was in keeping with the conditions and characteristics of the state organs, especially those at the upper level. As a member of the Political Bureau Standing Committee said, there are a large number of able and competent cadres in state organs, but it is impossible to promote all of them to leading positions. Their salaries could not be raised reasonably under the previous system, but this problem can now be settled with the adoption of the wage grading system. Under the previous system, a cadre could get higher pay only after he was promoted to a higher position. After the wage grading system, a cadre will also have his pay increased even if getting no promotion. According to the sources, the adoption of the wage grading system will be part of the scheme for establishing the civil service system in China.

Another scheme regarding the reform of the wage system is the establishment of a central organizational structure commission for controlling and coordinating the setup of official organs and positions and the appointment of cadres throughout the country, and this has also been endorsed by the CPC top leadership. The sources quoted a senior leader by saying that administrative institutions throughout the country are now overstaffed, so if this problem remains unsettled and the government is not streamlined, the wage reform will not be able to proceed. The top leadership agreed that setting up a central organizational structure commission is a good method. The commission will not only control the size and structure of all party central organs and state organs, but will also control the size and structure of organs under the National People's Congress [NPC] and the Chinese People's Political Consultative Conference [CPPCC]. Henceforth, all organs will have to follow the established rules and regulations if they try to enlarge their size and set up additional sections. The current disorderly condition in the aspect of administrative structure management will be brought to an end, and the party's central institutions, the state organs, and organs under the NPC and the CPPCC will no longer be able to go their own way on these matters as they are doing now.

According to the same sources, the top leadership has made it clear that the growth rate of wages and bonuses must not exceed the growth rate of production and economic returns and that the growth rate of the national total of wages must not exceed the growth rate of GNP.

Implementation of Fishery Law Promotes Production

OW1907062291 Beijing XINHUA Domestic Service
in Chinese 2031 GMT 17 Jul 91

[By reporter Ren Zeli (0117 3419 0536)]

[Text] Beijing, 18 July (XINHUA)—Since its promulgation for implementation in July 1986, the "PRC Fishery Law" has helped protect fishery resources and helped them flourish. It has promoted sustained, steady, and coordinated development of fishery production in our country in the past five years.

The "Fishery Law" outlines various standards and norms governing people's fishery activities and thereby plays a role in guaranteeing development of the fishery industry. For example, the law prohibits catching fish in certain waters and during at certain times; draws up standards for the principal kinds of fish that may be caught; stipulates mesh sizes the fishing nets and gears most in use; prohibits use of explosives, poison, and electricity to catch fish; and closes major lakes to fishing for a certain period each year. A number of fishermen in all areas have gradually heightened their awareness of

the law, changed their fishing practice from the traditional concept of "whoever catches fish owns them" to promoting fishery production in accordance with the law step by step, and implemented various regulations stipulated by the "Fishery Law." As a result, fish, shrimp, shellfish, and crabs all get a chance to rest, grow, and proliferate. Fishery production and in particular breeding of aquatic products in our country enjoyed their fastest development in the past five years since the founding of the People's Republic. Total aquatic production increased from 7,052,000 tonnes in 1985 to 12.37 million tonnes in 1990, an average growth rate of over 1 million tonnes annually. Everyone working in the fishery industry increased his average annual income from 1,557 yuan to 3,232 yuan.

China also trained a fishery law enforcement contingent, comprised of more than 30,000 people, in the past five years. They guided the masses to study and abide by the law; conducted supervision and control over fishery resources, fishing ground order, environment around fishery waters, fishery ports, navigation safety for fishing boats, inspection of fishing boats, and fishery telecommunications, thereby effectively promoting implementation of the "Fishery Law."

East Region

Lu Rongjing at Anhui CPC Anniversary Meeting

OW2007210791 Hefei ANHUI RIBAO in Chinese
3 Jul 91 p 1

["Speech by Lu Rongjing at a meeting marking the 70th CPC founding anniversary on 1 July 1991"]

[Text] Comrades:

We are greeting the advent of the 70th anniversary of the CPC's founding with our hearts full of enthusiasm. The purposes of our grand celebration of this glorious holiday today are to carry on and promote the party's fine traditions; mobilize and inspire all CPC members around the province; and unite the large number of people to wage hard struggles and keep forging ahead under the leadership of the CPC Central Committee, with Comrade Jiang Zemin as the nucleus, to achieve the second-step strategic objectives of the modernization drive slated at the Seventh Plenary Session of the 13th CPC Central Committee and the Fourth Session of the Seventh National People's Congress; and to make new contributions to the construction of socialism with Chinese characteristics!

In the past 70 years, from 1921 to 1991, our party grew stronger day by day. It was a period during which the party led the entire nation to advance wave upon wave, fight bloody battles, and write new chapters of history; as well as a period during which Marxism-Leninism was integrated with the actual conditions in China and achieved a signal victory. China was a semi-colonial and semi-feudal society 70 years ago. The nation became increasingly poor and weak, was ravaged by successive wars; and the people lived in an abyss of misery. Since the Opium War in 1840, the Chinese people waged one hard and bitter struggle after another to seek the nation's independence and liberation, and many people with lofty ideals laid down their lives trying to find a way to save the nation, but to no avail. The outbreak of the October Revolution in Russia brought Marxism-Leninism to China and the CPC was born. The founding of the CPC ushered in a new era in Chinese history. Since then, China has had a proletarian political party which takes Marxism-Leninism as its guide of action and communism, its ultimate aim; the disaster-ridden Chinese people have had a reliable organizer and leader; and China's proletarians, a strong combat headquarters. Our party rapidly developed and expanded from a small group with dozens of people. Holding high the banner of anti-imperialism, antifeudalism, and antibureaucrat capitalism, the party led the toiling masses and all progressive classes to wage a protracted and arduous struggle to found a New China with the people as their own masters. It finally toppled the three big mountains [imperialism, feudalism, and bureaucrat-capitalism] that weighed on the backs of the Chinese people and founded New China. Since the founding of New China, people of

all nationalities around the country displayed unprecedented enthusiasm for construction and demonstrated the powerful cohesive force of the socialist system under the party's leadership. All undertakings vigorously developed. Although we walked a tortuous path to gain understanding of the law of socialist construction and main contradictions in a socialist society and made some mistakes, especially the serious one like the "Great Cultural Revolution," in the course of socialist construction over the past 42 years, we still accomplished great achievements that were impossible under the system of exploitation in the past and made tremendous changes in ancient China. China, which was weak, disintegrated, lacked industries and was poor in agriculture, became a prosperous, united, and strong country with a more complete and modernized industrial system and thriving agriculture. The semicolonial and semifeudal China has become a socialist China that stands lofty and firm on the eastern edge of the world. Take Anhui Province as an example—its gross output value of industry and agriculture grew by 29.76 times from 2.1 billion yuan to 64.6 billion yuan during the 42 years since China was founded. Of this, industrial output value increased by 105.5 times from 444 million yuan to 47.3 billion yuan. Its revenues increased by 97 times from 54 million yuan to 5.3 billion yuan. We have made rapid strides in all types of social undertakings, and the people's standard of living steadily improved. In particular, after the Third Plenary Session of the 11th CPC Central Committee, the Chinese Communists, with Comrade Deng Xiaoping as their champion, emancipated their minds, sought truth from facts, brought order out of chaos, and carried out radical reforms. After making a profound analysis of the positive and negative elements of their experiences in socialist construction, the Chinese Communists gradually established the party's basic line and discovered a socialist path with Chinese characteristics. Our country's socialism was injected with great vitality following more than 10 years of reform and opening to the outside world. Our modernization efforts achieved much-headed successes. The 12 years following the Third Plenary Session of the 11th CPC Central Committee saw the fastest development and the greatest changes in Anhui's history. Anhui's people also received the most material benefits during that period. Compared to 1978, the province's gross output value of goods and services grew by 1.89-fold in 1990, its total income by 1.63-fold, its gross social output value by 2.28-fold, its industrial and agricultural output values by 2.38-fold, and its revenue by 1.4-fold. Some principal economic indicators were placed higher in the national chart. The gross industrial output value and the gross agricultural output values climbed, respectively, from the 17th to the 14th and the 10th to the eighth positions in the country. There was a marked improvement in the standard of living of urban and suburban people. The past 70 years proved that our party, armed with Marxism-Leninism-Mao Zedong Thought, maintained independence and kept the initiative in its own hands, and it has been endowed with the spirit of revolutionary creativity. It proved that our party fostered close ties with the masses, waged

unceasing struggles, upheld truth and corrected mistakes, and made great sacrifices for the fundamental interests of the Chinese people. It also proved that our party withstood the trials of victories and setbacks, and that no enemies or difficulties could overwhelm or destroy the party. Our party has never gone into decline despite having endured countless ordeals; it has become stronger after being tempered by innumerable hardships. It is no doubt a great, glorious, and correct party. Only the CPC can lead the people in saving China; only under the CPC leadership and by persisting in taking the socialist path can we vitalize China.

Our party and country are currently in an important period of historical development. Looking at the international situation, we see that socialism in the world is currently facing serious setbacks. International hostile forces intensified their efforts to promote peaceful evolution in socialist countries. Our struggles with international hostile forces regarding subversion and counter-subversion, infiltration and counter-infiltration, and peaceful evolution and opposition to peaceful evolution, are more intense and complicated than ever. In China, after scores of years of extremely arduous struggle, our party's older generation of revolutionaries and countless pioneers triumphantly accomplished the new democratic revolutionary tasks of countering imperialism and feudalism, and ended China's history of semicolonialism and semifeudalism. The exploitation of systems and class, which had continued for thousands of years, was abolished and socialism was established. We are now setting out on and building a socialist path with Chinese characteristics, and striving to realize China's socialist modernization. Our task, an unprecedented great undertaking, is even more difficult and complicated. In the face of current situations and tasks, we must solidly and effectively accomplish all fields of work. Most important of all, effective efforts should be carried out to promote our party's self improvement. Our party is the governing party. It is the pioneering team of the working class. It is also the force at the core that leads our undertakings. Outstanding people at all fronts across the country and in all fields, and responsible persons who amassed in the party and leading posts at all levels, are mostly communist party members. So long as party organs at all levels and the broad masses of the people enhance their roles as the fighting force and exercise their exemplary vanguard roles, we will be able to unite the broad masses of the people around us; and with one heart and one mind, thwart the challenges of international hostile forces; surmount all sorts of difficulties; and continuously push forward socialist modernization.

In the new age of history, our party building work faces three major problems. 1) Can the purpose of serving the people whole-heartedly continue to persist under the condition of the government? 2) Can the ideal and faith in communism prevail amid the implementation of reform and opening to the outside world and the development of commodity economy? 3) Can we build a great iron wall to resist domestic and foreign hostile forces'

peaceful evolution? These are also severe challenges to our party. We must be able to withstand the challenges and solve such problems properly—only then can we build our party into a stronger working class, a pioneering troop, and a stronger nucleus force to lead the people of all nationalities to realize socialist modernization, and make it capable of better carrying out the great mission bestowed upon our party by history. It should be affirmed that the main stream of our party organs and contingent of party members at all levels are good and capable of withstanding challenges. Party organs at all levels have resolutely implemented the party policy, united and led the masses to wage hard struggles, and brought the role of political nucleus and fighting bastion to play. The majority of party members have worked hard to be pioneer models and the mainstay on various front lines and to open up the new phase of modernization construction and reform and opening to the outside world. We must also recognize, however, that some of the party members and party cadres could not withstand the test, and do not have a clear head or a firm stand. Some have even violated laws and regulations, become corrupt, and took an antagonistic position against the party and the people. There are numerous pressing problems in certain aspects, including party ideology, party politics, party organs, and party style, that urgently need to be solved. We must have a clear-cut understanding of these issues and take practical measures to earnestly solve the problems within the party, concentrate on doing a good job in party building, raise the overall combat readiness of the party, and shoulder the heavy historic responsibility of uniting and leading the broad masses more effectively to push forward socialist modernization construction.

Numerous tasks are to be undertaken and unceasing hard work is necessary to practically solve the major problems in party building. I wish to stress the following points:

First, the most basic task is to educate all party members on the comprehensive and thorough understanding of the party's basic line and work hard to raise the consciousness of implementing the party's basic line and adhering to treading the path of socialism with Chinese characteristics. Party building has always been closely linked to the party's political line, and it must also obey and serve the party's basic line. Based on the correct understanding of China's national condition, and since the 11th Plenary Session of the Third CPC Central Committee, our party has determined the basic line of focusing on economic development, adhering to the four cardinal principles, and persisting in reform and opening to the outside world. On the basis of summing up the experiences in implementing the basic line, the 13th Plenary Session of the Seventh CPC Central Committee proposed 12 more principles for constructing socialism with Chinese characteristics. This signified that our party had a deeper understanding of the pattern of socialist modernization construction. On the whole, the party's basic line and the 12 principles are aimed at achieving the political, economic, and cultural goals of building socialism with

Chinese characteristics, while they also provided the basic routes and appropriate guarantees for the realization of these goals. We must thoroughly and correctly understand, and conscientiously implement, the party's basic line and the 12 principles. In the understanding and implementing of the basic line and principles, we must pay special attention to a few areas: 1) We must firmly establish the ideology of focusing on economic construction, expediting the development of society's production forces, and sparing no efforts to improve the economy. The most basic yardstick to judge the quality of a social system is its ability to free up and develop its production forces. This is a basic concept of Marxism. Socialism is the most progressive social system in mankind's history. Comrade Deng Xiaoping pointed out: "The most basic task on the socialist stage is the promotion of productivity." It is only through the intensification of promoting productivity, economic development, strengthening national strength, and enhancing the levels of people's material and cultural lives that the superiority of the socialist system can be fully demonstrated, the cohesiveness of the party on the masses solidified, and the flesh and blood relations between the party and the masses brought closer together. All these will place the party in an unbeatable position, enabling it to continually promote the historic process of replacing capitalism with socialism. We should therefore persist in the central task of economic development by wholeheartedly embarking on development that meets the basic requirements of the socialist economy with Chinese characteristics. We should pay more attention to the perfection of various policies and measures in the course of practice with a view to promoting social productivity, and gradually modernizing the national economy. Each and every CPC member, especially leading cadres, should be keen in economic work by voluntarily and positively doing the job well. We should vigorously support whatever is beneficial to the promotion of productivity and resolutely discard whatever is detrimental to it. 2) It is necessary to persist in simultaneously building the two civilizations. We should practically reinforce building spiritual civilization while continuing our efforts in strengthening the building of material civilization. The building of socialist spiritual civilization is not only our important goal, but also serves to guarantee building material civilization. A good job done in building spiritual civilization will not only provide the people with a clear direction toward which they advance but also strengthen their faith in socialism and solidify national cohesiveness. It is therefore important to vigorously do a good job in building spiritual civilization whenever and wherever possible; to persistently carry on long-term education of the four cardinal principles and resolutely wage struggles against the ideological trend of bourgeois liberalization and the "peaceful evolutions" of international hostile forces. We should adhere to the people's democratic dictatorship, the system of the people's congresses, and the system of CPC-led multiparty cooperation and political consultations; continually strengthen building socialist democracy and the legal system; make sure that people are the

masters of the nation and the nation enjoys sustained stability. We should firmly meet the basic requirements of building socialist culture with Chinese characteristics in a bid to strongly enhance the ideological, moral, scientific, and cultural quality of the entire people and promote building socialist spiritual civilization. We should fully bring out the political superiority established by the party in its long-term practice while leading the revolution and construction to ensure the healthy and smooth advancement of the socialist modernization drive. 3) It is necessary to insist on the overall policy of reform and opening to the outside world with adherence to the four cardinal principles. Reform and opening to the outside world is a great creative move of our party in its theory and practice for socialist construction and a road leading to national strength and the prosperity of people. The tremendous successes we achieved in various aspects since the Third Plenary Session of the 13th party Central Committee were inseparable from the reform and opening policy. We will be facing a lot of new problems in the process of realizing the second-step strategic objectives and building socialism with Chinese characteristics, which need to be solved with reform methods. We must adhere to the ideological road of seeking truth from facts, bring into full play the spirit of dare-to-explore and dare-to-create, sum up experience, insist what is right, rectify what is wrong, and work harder on weak points to continually deepen reform and achieve even more from opening to the outside world.

Second, do a solid job in the party's ideological and theoretical construction, work hard to raise the party contingent's Marxist standard. This is a strategic mission. Lenin pointed out long ago that "only parties based on an advanced guiding theory can bring to play the role of advanced fighters." The unswerving adherence to Marxist theory to build the party and the adeptness to integrate the universal truth of Marxism with the comprehensive reality of China's revolution and construction are the basic reasons why our party has grown large and achieved successive victories in the last 70 years. In the new undertaking of building socialism with Chinese characteristics, a wealth of practical experiences need to be summed up, myriads of problems need to be solved, and numerous unknown fields need to be explored. Only by earnestly strengthening the party's ideological and theoretical construction and raising the standard of Marxist theory, can we thoroughly comprehend the objective pattern of social development, grasp the essence of changes in the world, avoid being confused by the whirlpool and countercurrent in the long river of history, maintain overall control amid complicated and conflicting struggles, and hold on to power; adhere to the ideological line of seeking truth from facts and avoid making errors of the "left" or "right"; continuously sum up fresh experiences of the masses' creativity, summarize new theories, and victoriously push forward modernization construction and reform and opening to the outside world. We must adopt the spirit of rectifying party style to widely, thoroughly, and persistently educate all party members on Marxism-Leninism-Mao

Zedong Thought; organize for party members to earnestly study the works of Marx, Lenin, Comrade Mao Zedong, Comrade Deng Xiaoping, and other veteran proletarian revolutionists; and to earnestly learn the theory, line, principles, and policies of building socialism with Chinese characteristics. At the same time, we must also make great efforts to gain scientific and cultural knowledge essential for construction and reform work. The party's leading cadres at all levels must take the lead to study hard, thoroughly comprehend and grasp the basic theory of Marxism, and make use of Marxism's basic principles, stances, views, and methods to examine and analyze problems. Efforts must be made to continue socialist ideological education for cadres and masses to push forward learning political ideology, adhering to integrating theory with reality, and to consciously change the world outlook. Through study, we must draw a clear line between Marxism and anti-Marxism, socialism and capitalism, and proletarian ideological systems and bourgeois ideological systems; strengthen the ability to resist the corrosive influence of various erroneous trends of thought; and raise the capability to solve various actual problems of construction and reform works.

Third, we must educate all party members to always bear in mind our party's aim to wholeheartedly serve the people. Our party is the vanguard of China's working class. Apart from the interests of the working class and the broad masses, the party does not have any special interest of its own. The party will lose the value and meaning of its existence once it departs from the interests of the people. Our party has been able to win the masses' whole-hearted support and continuously develop strength in the last seven decades solely because it has consistently adhered to this aim. Under the new circumstances, we must firmly focus on this aim and further strengthen party spirit training for party members to continuously raise consciousness of serving the people. Party organs at all levels and every party member must adhere to prioritizing the people's interests and serving the people and make them the starting point as well as the foothold in every aspect of their work. We should do our job well in the light of serving the people. While performing our duty, we should bring into play the exemplary vanguard role and take the lead in ensuring a good job in the work of all fields in a bid to perform more meritorious services to the benefit of the people. We should correctly handle relations between local and national interests, between immediate and long-range interests, and between national, collective, and individual interests. When individual interests conflict with the interests of the people, and local interests contradict with national interests, it is necessary to sacrifice individual and local interests unconditionally. Whether we are able to do so should be an important criterion for evaluating our party spirit. Reform and opening and the development of a commodity economy have provided our party members better conditions for serving the people and, at the same time, increased the danger of alienating ourselves from the masses, or even becoming corrupt and degenerated. In the face of a new situation,

the overwhelming majority of party members and cadres continue to observe party discipline as their code of conduct, striving to fulfill the party's objective and working diligently for the people's interests. The masses are delighted with them; however, some party members and cadres have weakened their awareness of the objective of serving the people wholeheartedly and developed serious bureaucratism. Some of them seek interests for their own localities, departments, units, or even individuals at the expense of the interests of the state and the people; and a few of them abuse their powers and positions for personal gains, offering or accepting bribes and becoming corrupt. These phenomena, which have seriously discredited the party and undermined its relations with the masses, are diametrically opposed to the party's objective. As an ancient saying goes, "alienating the people can affect the very survival of the country." We communists, who regard serving the people as our own task, should remember this truth even more. Comrade Deng Xiaoping said a long time ago: The masses do not always follow the party. Only when it speaks for their interests will the people support and decide to follow the party. We should seriously summarize the penetrating lessons drawn from the soul-stirring struggle at home and abroad in recent years, make further efforts to administer the party strictly, establish a complete anticorruption system, and adopt effective measures to strengthen inner-party supervision and supervision by the masses. We should wage a ruthless struggle against negative decadent practices that undermine the people's interests. Leading organs and cadres at all levels should further improve work style and concentrate themselves on the work in a true sense, going down to the grass roots and deep into the realities of life, mingling with the masses, and working hard to solve practical problems for them. We should open up more channels for communication with the masses, show concern for their hardships, listen to their voices attentively, and seriously resolve pressing problems that can be solved.

Fourth, it is necessary to attach great importance to the construction of leading bodies. Comrade Mao Zedong once pointed out: "After a political line is decided on, cadres will be the decisive factor." The question of cadres is actually one involving leading power. To ensure that the leading power at all levels will forever be in the hands of people loyal to Marxism and serving the people wholeheartedly, we should constantly improve the quality of leading cadres at all levels. The party Central Committee and Comrade Deng Xiaoping have put forth the principles for a contingent of revolutionary, well-educated, professionally competent, and younger cadres. These are scientific and comprehensive principles and concrete requirements for training cadres with both political integrity and professional competence under the new situation, and these principles should be implemented correctly and in their entirety. In selecting, training, and appointing people, it is necessary to put political integrity above anything else, observing their political stand and ideological quality. At the same time,

it is necessary to comprehensively evaluate their leadership capability and actual work performance to ensure that only people with both political integrity and professional competence are selected, trained, and appointed. Efforts should be made to improve the work of selecting and appointing cadres, persistently appointing capable people, and following the mass line by selecting people from all corners of the country. Resolutely curb the unhealthy trends in personnel matters. Under the new circumstances, leading groups at all levels are shouldering heavy tasks. It is imperative to adopt effective measures to improve the quality of leading groups as a whole. It is necessary to strengthen the training of members of the existing leading groups through party schools and in-service training. It is also necessary to transfer some personnel to the advanced areas in Anhui or other provinces, where the economy is more developed and the atmosphere of reform and openness is thicker, to study and temper themselves. The exchange and removal of leading cadres are important measures to raise the quality of leading groups as a whole. We should, on the basis of keeping the leading groups relatively stable, firmly carry out these measures step by step in a planned way. It is particularly necessary to transfer cadres from places where the economy develops rapidly and from enterprises whose production and management are successful to backward areas to assume posts or help with their work. We must make up our mind to readjust those leading groups whose performance is mediocre, whose efforts to promote economic development have long been futile, and which have been in disunity for a long time. We must resolutely remove those who lack revolutionary will, dedication, and a sense of responsibility, as well as those who are not cooperative, do not take the whole situation into account, or often sow seeds of discord from their leading posts. The coming decade is a crucial period for China's economic and social development as well as a key period in which the new cadres will replace the old. Most of the veteran comrades who joined the revolution before the founding of the Republic have retired or will soon retire. Comrades who joined work during the initial period after the founding of the Republic will also soon retire in large numbers. Therefore, strengthening the selection and training of young cadres has become a task that brooks no delay. Party committees at all levels should fully understand the urgent nature of this task and hold themselves highly responsible to the destiny of China's socialist cause in the coming decade and even in the next century while seriously building the reserve force of leading groups. It is necessary to further widen people's field of vision. It is necessary to extensively and solidly locate talented men and women among workers, peasants, and intellectuals. It is necessary to resolutely eliminate the traditional concept of promotion going by seniority alone. Boldly promote those young cadres whose political quality is good, who are very capable and have received tempering at grass-roots units, and whose achievements are outstanding to leading posts at all levels.

Fifth, we must grasp the construction of grass-roots-level party organizations perseveringly. Organizations at the grass-roots level are the party's foundation and a place to start for all party work. Only when the construction of grass-roots organizations is completed can the construction of the party as a whole be completed well. The key to strengthening the construction of an organization at the grass-roots level lies in setting up a good party branch with a good branch secretary in particular. Grass-roots leading groups should be kept relatively stable. In addition, we must seriously straighten out those leading groups that are weak, slack, at a standstill, or semi-paralytic, so that the vast number of grass-roots leading groups can become the political core and staunch fortress which conscientiously implements the party's line, principles and policies, maintains close ties with the masses, and is highly disciplined and rich with fighting capacity. We must strengthen education and management among party members, greatly improve the quality of party members, bring party members' vanguard and model role into full play, and resolutely eliminate corrupt elements. We must seriously recruit new party members; pay attention to nurturing the fine elements among workers in the forefront of production, peasants, and intellectuals; and admit them to the party. It is particularly necessary to pay attention to recruiting party members among industrial workers. Bringing up a contingent of party work cadres who have strong a political consciousness and party spirit and are well-versed in party affairs, selfless, and dedicated is an important link with the strengthening of organizations at the grass-roots level. To meet the demand under the new circumstances, we must strengthen the training and selection of grass-roots party work cadres. The party's cadres at the grass-roots level are shouldering heavy tasks. In addition, they are often beset with various contradictions. Party organizations at the higher level must support and guide their work, strengthen their training, make allowances for their difficulties, and spare no efforts to create a good environment and conditions for them.

Sixth, it is necessary to further improve inner-party political life. During the protracted revolutionary struggle, our party continuously summarized both positive and negative experiences in relations inside the party, and gradually formulated the guiding principles for political life within the party, focusing on seeking truth from facts, integrating theory with practice, forging close links between party leaders and members and the masses, practicing criticism and self-criticism, and adhering to democratic centralism. These guiding principles are of great importance for maintaining the unity in thinking and action of all party comrades and strengthening the fighting capacity of party organizations at all levels. In the new era, we should more effectively implement these principles for further improving political life inside the party. Party organizations at all levels should persist in and improve democratic centralism, a basic organizational principle of our party. Under no circumstances should we waver on or

deviate from this principle. In recent years, party organizations at various levels in Anhui have, generally speaking, implemented the system of democratic centralism; however, party organizations of some localities and departments fail to give full play to democracy and centralism, thus impeding the continuous development of the party's fighting capacity. This merits serious attention. We should strengthen education of the system of democratic centralism among party members, especially leading cadres, to enable every comrade to be thoroughly aware of the scientific implication of this system and the dialectical unity between democracy and centralism. In this way, all comrades can understand that subordinating individual party members to party organizations, the minority to the majority, lower party organizations to higher party organizations, and party members to the Central Committee is the most basic principle for correctly handling various relations inside the party; and that party committees' collective discussions and decisions on all major issues is the basic leadership system of the party, thereby conscientiously maintaining unity with the party Central Committee ideologically, politically, and in action, resolutely safeguarding the party's unified leadership, and strictly observing party discipline. We should adhere to the principle of combining collective leadership with individual responsibility based on division of labor. Major issues should be discussed and decided on collectively. We should absolutely not allow a person alone to have the say, or an individual to go his own way against a collective decision. To ensure the implementation of democratic centralism, party organizations at all levels should further improve the party's organizational life, complete the inner-party supervision system, respecting party members' democratic rights, practice criticism and self-criticism in a true sense, and launch active ideological struggles. Party member-leading cadres especially should take the lead in practicing democracy and centralism in the organizational life. Strengthening party unity, especially the unity of leading bodies at all levels, is the decisive factor for social stability and advance of our cause. All party members, especially leading cadres, should cherish dearly and safeguard party unity like the pupils of their eyes and, under the premise of upholding the principle, should respect, accommodate, support, and help each other in resolutely fighting words and deeds that are detrimental to unity.

The next decade is the most crucial period of Anhui's development. The heavy responsibility of leading the province's people to victoriously realize the second-step strategic objective of socialist modernization construction falls on the shoulders of party organs at all levels. We must fully comprehend the heavy responsibility we shoulder, be farsighted, and focus on the present to do a good job in all works; the pressing matter of the moment is to make all efforts to combat flooding and alleviate disaster. Anhui Province suffered exceptionally damaging downpours and flooding during this year's summer grain and edible oil harvesting period. The extensiveness of the areas affected and the degree of damage caused by

the disaster has rarely happened at the same time of year since the establishment of New China. As such, making full efforts to properly organize flood fighting and disaster alleviation work is the current central task for all levels of the province, as well as a severe test for the province's party organs at all levels and the vast number of party members. In the previous phase of struggle to combat flooding and alleviate disasters, party organs and the vast number of party members brought into play their roles as the political nucleus, fighting bastion, and pioneering models. Party members, especially the leading cadres, always rushed to the front line in the most dangerous and most crucial moments. Party members can be found wherever difficulty and danger exist, and they have performed numerous heroic and moving deeds. The reality of the struggle to fight floods and alleviate disaster proved that our party possesses combat effectiveness and, indeed, serves the people wholeheartedly. It is also a cohesive and appealing force among the masses. The strength of the party organs and the courage of the party members and people who follow the party's lead enabled us to achieve the first round of victory in combating floods and alleviating disaster and to maintain a stable state amid exceptionally damaging disasters. The party Central Committee and the State Council are very concerned with the disaster in our province. In the small hours of the morning on 28 June, General Secretary Jiang Zemin telephoned to inquire in detail the condition of disaster in Anhui, to express solicitude to the people, and the vast number of cadres and army personnel involved in disaster alleviation work, and to praise the spirit of unity of Anhui's army-people in alleviating the disaster. Comrade Jiang Zemin pointed out that the party Central Committee and the State Council are concerned with disaster conditions in Anhui and will definitely support Anhui's disaster alleviation work. It is hoped that the people of Anhui will be inspired with enthusiasm to overcome disaster and continue to make proper preparation to fight severe disasters. The communist party members must bring into play their role as pioneering models in disaster alleviation work. During his visit to Anhui, Premier Li Peng inspected the disaster's conditions in the pouring rain and gave several instructions on the struggle to combat flooding and alleviate disaster. In a recent report reflecting disaster conditions in the Mengwa flood storage area, he instructed relevant departments to immediately organize disaster alleviation work, to make proper arrangements to ensure the well-being of the masses in the disaster-stricken area, and to have the state and province give full support to the work. Currently, the task of disaster alleviation is still arduous and full of difficulties. In the face of difficulties, we must further strengthen the party's leadership, enhance ideological and political work, carry forward our political advantages, and rely and lead the broad masses to achieve the final victory in the struggle to fight flooding and alleviate disasters. At the same time, we should push the construction of party organs at all levels a step forward through the tests of this actual struggle.

Dear comrades, the task of building socialism with Chinese characteristics led by our party is both magnificent and arduous. It is inevitable for us to encounter numerous difficulties as we forge ahead. We must be able to endure an extended period of strenuous struggle. Under the leadership of the party Central Committee with Comrade Jiang Zemin as the nucleus, we must unite and lead the vast number of cadres and masses, and inspire them to be filled with enthusiasm; of one heart and one mind; roused with vigorous efforts to make the country prosperous; make arduous efforts to unswervingly tread toward our goals of struggle; and to continuously achieve new victory!

Fu Xishou Sends Telegram on Grain Protection

OW2307054991 Hefei ANHUI RIBAO in Chinese
15 Jul 91 p 1

[Text] Owing to the ferocious flooding and rapidly rising water levels in rivers, lakes, and reservoirs, all grain supply stations along rivers have proclaimed a state of emergency. The number of inundated and flood-besieged grain stations and centers is increasing drastically, and stored grain is seriously threatened. On 13 July, Governor Fu Xishou, in an extraordinary urgent telegram on battling floods and protecting food grain, set out the following requirements:

1. Governments at all levels must fully understand that saving grain is absolutely essential when combating flooding. When the current flooding situation is serious, combating flooding and protecting grain is an urgent mission for all government authorities and for flood-control and flood-relief commands, as well as for the food departments. Every possible means should be used to ensure the safety of grain, and protecting grain must be considered a major assignment in combating flooding. The manpower, material resources, and means of transportation needed for combating flooding and protecting grain must be organized and deployed in an overall manner. In areas where the grain supply stations and centers are seriously threatened by flooding, the public must be organized to protect the granaries and relocate their grain. There always should be motor vehicles and boats available for use in dealing with emergencies.

2. Food departments at all levels must never lower their guard; they must eliminate any idea of leaving things to chance. They must be ready to deal with large, devastating floods and go all-out to combat floods and protect grain, carrying forward the spirit of fighting continuous battles. The rain now has ceased for the time being. We must seize this opportunity to dry up and properly dispose of the damped grain and to reinforce all protective facilities. What can be relocated should be relocated immediately. In short, we should think of every means possible to protect grain from damage. Those grain stations and centers that cannot protect themselves through their own efforts should promptly report their needs to flood-prevention commands under municipal and county governments.

3. All transportation and shipping departments must take the initiative in working with food departments and must provide the trucks and boats needed for the emergency relocation of foodstuffs. In case they need support from higher authorities, they should report the need to the local flood-control commands. During emergencies, they also may report their situation to the local flood-prevention commands while requesting support from higher authorities. All emergency assignments given out by flood-control commands must be fulfilled.

4. In areas where grain is besieged by floods and cannot be safely relocated and stored, enterprises, institutions, and urban residents should be encouraged to buy as much as possible; or it should be promptly delivered to stricken areas as part of food relief efforts so as to reduce losses caused by the flooding.

Wu Guangzheng Addresses Rural Work Conference

HK2207152191 Nanchang Jiangxi People's Radio
Network in Mandarin 1000 GMT 19 Jul 91

[Excerpts] The four-day provincial conference on rural water and electricity, electrification, and farmland capital construction work concluded in Nanchang this afternoon.

Wu Guanzheng, provincial governor; Zhang Fengyu, member of the provincial party committee Standing Committee; and (Su Huiguo), provincial vice governor, attended and delivered speeches at the conference.

The conference, which was convened by the provincial government, concluded that our province's rural water, electricity, and farmland capital construction work has now entered a new development period after several years of rehabilitation and development. A total of nine counties, which form the first batch, successfully attained the preliminary rural electrification standard. [passage omitted]

The conference called on areas with water resources across our province, especially the 16 counties designated by the state as the second batch to attain the preliminary rural electrification standard, to take rural water and electricity construction development as one of the important links in implementing the outlines of 10-year Program and Eighth Five-year Plan and as one of the major measures intended to promote local economic development, to list water and electricity construction in their work agendas, to strengthen leadership over work in this regard, to raise funds thus needed through various channels and in various forms and by relying on themselves, and to ensure a successful fulfillment of all rural water and electricity construction quotas. [passage omitted]

More than 200 people, including prefectural or autonomous prefectural administrative office commissioners and city mayors with special responsibilities for agriculture, some prefectural and city planning commission directors, agriculture office directors, and water and electricity bureau chiefs, responsible persons with special responsibilities for agriculture from 34 counties and

city districts, as well as responsible persons of various departments concerned, attended the conference.

Central, South, East Jiangxi Plagued by Drought

HK2107070591 Nanchang Jiangxi People's Radio Network in Mandarin 1000 GMT 15 Jul 91

[Excerpts] Recently, central, southern, and eastern parts of Jiangxi were afflicted by a severe drought. The drought continues to spread to more and more localities.

With an indomitable spirit the broad ranks of cadres and masses in the disaster areas are engaging in the rescue operation and the fight against the disaster.

Jian Prefecture was hard-hit by drought. Large numbers of cadres and the masses are making vigorous efforts to fight the disaster to strive for bumper harvests.

From last April until the present, the average rainfall in Jian was 47 percent less than the same period of a normal year. By 4 July, 2.3 million mu of farmland had been affected across the prefecture. In the face of the serious drought, large numbers of cadres in the prefecture rushed to the forefront of the struggle against drought to provide guidance. A total of 1 million people took part in the operation. On 9 July, the Jian Prefectural CPC Committee and the Jian administrative office sent prefectural-level cadres in 10 work groups to 10 counties—including Jishui, Yongfeng, Yoxin, and Jian, which had been afflicted by a serious drought—to help local people with their struggle against drought. More than 10,000 diesel engines and electric motors were involved in the operation. [passage omitted]

So far 700,000 mu of drought-stricken farmland have been recovered.

To raise relief work efficiency, Jian Prefecture introduced the responsibility system whereby cadres responsible for rescue operation are committed to fulfill set tasks. Leading members of the six sets of leading bodies in various counties and cities are required to assume full responsibility for particular key irrigation projects and every member has his share of duty. [passage omitted]

Shanghai 'Overwhelmed' by Flood Refugees

HK2307061291 Hong Kong SOUTH CHINA MORNING POST in English 23 Jul 91 p 10

[By Daniel Kwan and Willy Wo-lap Lam]

[Text] Shanghai is being overwhelmed by thousands of drifters seeking refuge in the eastern China metropolis after their homes have been ravaged by floods.

Local officials say their arrival has strained the city's inadequate public facilities and security, which have already been stretched to the limit by its normal floating population of two million every day.

Shanghai police are now rounding up the drifters and putting them in temporary detention centres before

sending them back to villages in Jiangsu and Anhui, the two provinces worst hit by the rainstorms.

Penniless drifters who have escaped the police's dragnets beg for money on the streets. They sleep outside the railway station or under bridges at night.

Shanghai residents say that the wave of people could quickly worsen as more flood victims leave farmlands.

Because of waterlogging and soil erosion, the prospect of planting a successful autumn crop is dwindling. Many have also left their homes to flee the growing epidemics.

Residents say troops have been mobilised to stop the influx. Train conductors have been strictly ordered not to carry "hitch-hikers".

An official of the Shanghai Anti-Flood Headquarters yesterday warned that the level of the Huangpu River remained dangerously high.

Deputy Headquarters Commander Mr Zhu Jiaxi said the city was vulnerable as the water level in nearby Tai Lake was still one metre above the alarm level.

"Shanghai is like a basin," he said. "Should just one spot of our 256 kilometre seawall along the Huangpu River burst, the whole city could be flooded".

When heavy rainfall came early this month, more than 1,000 houses and about 100 streets in Shanghai were flooded.

Officials say that if the rainstorms and typhoons come, they may have no choice but to blow up the dams of the Tai Lake and flood the neighbouring villages.

Meanwhile, Chinese officials and the media have turned the relief operation into a political campaign to highlight the "superiority of Chinese socialism".

Officials who accompanied Prime Minister Mr Li Peng on his inspection trip to flood-stricken areas in Jiangsu and Zhejiang provinces yesterday told the victims that the superior system of Chinese socialism would guarantee them quick relief.

"In fighting the floods and in disaster relief, we rely on the force of the collective", said Mr Jiang Yongrong, party chief of Yangzhou, Jiangsu province. "The masses have been further realised the superiority of the socialist system and their trust in the leadership of the Communist Party has been enhanced."

Referring to the major role played by troops in fighting the floods, Mr Jiang added: "The Army is not only a steel great wall for protecting the motherland but one that dispels natural disasters".

The PEOPLE'S DAILY [RENMIN RIBAO] said yesterday that the socialist system had provided "the best conditions for uniting the people to fight natural calamities and to co-ordinate anti-disaster efforts".

Shanghai Benefits From Foreign-Funded Enterprises

OW2307082991 Beijing XINHUA in English
0735 GMT 23 Jul 91

[Text] Shanghai, July 23 (XINHUA)—Statistics from the Shanghai Statistic Bureau show that about 60 percent of the increase in the city's industrial output value and 40 percent of the increase in export volume has been contributed by foreign-funded enterprises.

Last year the more than 400 industrial foreign-funded enterprises in Shanghai made a total of 9.479 billion yuan in industrial output value, up 46 percent over the previous year.

Statistics also show that of the 295 million dollars-worth of commodities the city exported last year, nearly 40 percent were produced by foreign-funded enterprises.

Since the beginning of this year all economic indexes of these enterprises have been increasing rapidly.

To date, Shanghai has approved 1,094 foreign-funded projects involving 3.1 billion U.S. dollars in foreign investment.

As more foreign-funded enterprises go into operation, they are becoming a more important dynamic force in the city's economic development, according to local officials.

Ge Hongsheng Addresses Zhejiang Flood Conference

OW2207131291 Hangzhou ZHEJIANG RIBAO
in Chinese 13 Jul 91 p 1, 4

["Implement Central Leaders' Important Instructions, Unite in the Fight Against Disaster To Win a Bumper Agricultural Harvest: Provincial Party Committee and Provincial Government Called Provincial Telephone Conference Last Night"]

[Text] At a telephone conference they called last night, the Zhejiang Provincial Party Committee and the provincial people's government urged all leading authorities to study the important instructions given by General Secretary Jiang Zemin and Vice Premier Tian Jiyun when they inspected Zhejiang's flood situation, and to educate the vast number of cadres and people to carry forward the spirit of self-reliance and arduous struggle and work in unity to fight against floods to triumph over the difficulties caused by the natural disaster and seize a bumper agricultural harvest this year.

The conference was chaired by Liu Feng, deputy secretary of the provincial party committee.

Xu Xingguan, member of the provincial party committee standing committee and vice governor of Zhejiang, conveyed the important instructions from the central leading comrades.

Ge Hongsheng, member of the provincial party committee and governor of Zhejiang, spoke at the conference.

Examining the havoc wreaked by recent floods, as well as the fight against it, Ge Hongsheng highly acclaimed the vast number of Communist Party members and grass-roots cadres for their initiative during the fight. He also praised all local authorities for taking the whole situation into consideration, and for their unity in the fight. He also conveyed the cordial regards of the provincial party committee and the provincial people's government for the vast number of cadres and people, as well as officers and men of the People's Liberation Army [PLA], armed police force, reserve force, and public security force engaged in combating the flooding.

Speaking on the work that should be done in combating floods and providing relief, Ge Hongsheng said: All party committees and governments must earnestly study the important instructions of General Secretary Jiang Zemin and Vice Premier Tian Jiyun and convey them to people throughout Zhejiang so that the instructions will serve as a strong power driving the campaign against floods and as a strong power for intensifying agricultural production and work in other fields. While conveying the instructions, we should educate the vast number of cadres and people to do three things: First, they should be prepared to combat devastating and lingering disasters. Although the rainy season in Zhejiang is over, heavy rain is still possible in some localities. The water level in Lake Taihu is still a record high, and it is unlikely that it will subside and return to normal within a short time. While the fight against floods and the fight to drain excessive water will continue for a long time in Huzhou and Jiaxing areas, signs of drought have appeared in southern Zhejiang. The fight against drought will become an outstanding issue there. Meanwhile, Zhejiang's typhoon season will soon begin. Thus, we must fully assess the problems and be well prepared for seizing a bumper harvest from natural disasters. By no means should we ignore the problems and slacken our efforts. Second, we must take the situation of the whole into account and work in unity to fight flooding. Be it a fight against floods or a fight against drought, people living upstream or downstream must help one another, and local interests must be subordinated to the interests of the whole. When it is absolutely necessary, we must sacrifice local interests for the sake of the whole. While we must foster this spirit when we fight against natural disasters, we must also do the same when handling contradictions among various quarters. Third, we must carry forward the spirit of self-reliance and arduous struggle. This means that we must rely on our own efforts in surmounting difficulties and triumphing over disasters. People throughout Zhejiang must work hard to increase production and develop the economy. Areas not affected by the flooding, and areas not significantly affected by it, should share the burdens of the hard-hit areas. In short, areas free from the natural disaster should increase their production, areas not seriously stricken by the disaster should do all they can to ensure a good harvest, and the heavily-stricken areas should do all they can to reduce losses as much as possible.

During the fight against flooding, we must fight it and be prepared for typhoons on the one hand, and be prepared against drought and control insect pests on the other. Presently, the water levels of rivers in the Hangzhou-Jiaxing-Huzhou areas still exceed the warning marks, and the flooding in Huzhou City still has not yet subsided. These areas must continue to mobilize the masses to block up the breaches, shore up the embankments, and drain excessive water from croplands. Areas where signs of drought have appeared must act immediately and be actively prepared for drought, and they must tighten water conservation measures. They must organize personnel to inspect and stock up water pumps, pipelines, and other machinery and equipment needed for fighting drought; and they must repair and clean up various waterways. In short, all localities must proceed from their actual needs and always be prepared for natural disasters so that they can minimize losses in case one should happen.

Speaking on ensuring agricultural production and summer harvesting and planting, Ge Hongsheng said: The situation of grain production in Zhejiang is very grim this year. All localities must act immediately and provide stronger leadership over summer harvesting and planting to seize a bumper grain harvest this year. The latter-stage field management of early rice crops in stricken areas must be intensified. Attention must be focused on pest control. Field management should never slacken until grain crops have been reaped. The peasants must also be educated not to reap prematurely. Efforts should be made to nurture the late rice seedlings and readjust supply between areas which have more seedlings than they need and areas which do not have enough. As for the flood-stricken rice seedbeds, actions should be taken immediately to rinse the seedlings and apply insecticides and fertilizer. For seedbeds from which all seedlings have been washed away, they should be promptly reseeded with early maturing rice strains [zao fan zao 2483 5064 2483]. The late rice planting plan must be firmly carried out. Continuous efforts must be made to ensure the production of dry grain. We must educate the peasants to make up the loss of early rice with output of late rice and dry grain, to launch a campaign to increase the output of late fall cereal crops and make use of each and every mu of cropland for late rice production so as to ensure a bumper agricultural harvest this year.

Ge Hongsheng pointed out: We must broadly mobilize the masses to build water conservancy projects. We must immediately organize personnel to devise plans under which a number of mainstay water conservancy projects can be constructed from three to five years so that certain key production zones susceptible to waterlogging or drought can become more resistant to natural disasters. To solve the waterlogging problems in low-lying areas in the Hangzhou-Jiaxing-Huzhou areas, actions must be taken as quickly as possible to build embankments protecting the low-lying areas in Jiaxing and Huzhou areas and finish constructing the second- and

third-stage projects of the Hangzhou-Jiaxing-Huzhou embankment by the end of the Eighth Five-Year Plan period. Meanwhile, prompt actions must be taken to heighten and reinforce the embankment to the east of Deqing County and the round-the-lake embankment in suburban Changxing and Huzhou counties. Other areas must also improve their water conservancy plans in accordance with their actual needs. Taking the advantage of the inspection trips made by leading comrades of central authorities at flood-stricken areas, we should mobilize the enthusiasm of the masses to undertake water conservancy projects for several years on a large scale. While governments at all levels should invest as much as they can afford in water conservancy projects, investment should primarily come from the masses. In addition to encouraging the masses to invest in terms of labor, we should also encourage them to invest according to the size of their croplands, which will benefit from the projects. Township enterprises in areas which the projects benefit should also provide financial support. In short, construction funds should be raised through various channels for projects needed to improve Zhejiang's capability of fighting natural disasters.

Ge Hongsheng urged the flood-stricken areas to ensure the masses' living necessities. He said: While most of the flood-stricken areas are located in the economically developed Hangzhou-Jiaxing-Huzhou areas, there are also many resource-deficient areas where development has been slow. These places will encounter great difficulties after the floods. Civil affairs authorities should send cadres to the flood-stricken areas, especially the heavily stricken areas where economic development has been slow, to investigate and help their flood victims resettle. Medical and public health authorities should immediately send people to the flood-stricken areas to help disinfect their drinking water, prevent epidemic disease, and treat those who have fallen ill.

In conclusion, Ge Hongsheng stressed: We must plan all our projects as a whole and work hard to fulfill this year's National Economic Plan. Zhejiang's economic priorities for the second half of this year are three: First, we must exert greater efforts to combat natural disasters to ensure a bumper agricultural harvest. Second, we must continue to carry out measures for reviving the operation of large and medium-size enterprises and must stabilize industrial production on the premise of underscoring returns. Third, we must work hard to increase revenues and conserve expenditures so that this year's fiscal plan can be fulfilled. Meanwhile, we must continue to enliven distribution, ensure market supply, and stabilize market prices. One important task at this moment is to battle the flooding and provide the people with the necessary relief. Flood-stricken areas must regard the fighting of floods and relief work as their paramount responsibilities and suspend all meetings irrelevant to flood relief. Large numbers of office cadres should be sent to flood-stricken areas to understand the situation, help solve problems, and do all they can to help the fighting of floods and to provide relief. Not only should we attend to rural areas'

relief services but also to flood prevention in cities; not only should we do everything we can to reduce agricultural losses, but we must also properly organize industrial production and do everything we can to reduce industrial and commercial losses. All provincial authorities should actively support the flood-stricken areas, considering such support an actual step to improve their work style. They should do everything they can to help flood-stricken areas solve their urgent problems. If for the time being they are unable to solve the problems which the flood-stricken areas want solved, they should explain the situation to them. By no means should they shift the responsibility to other departments, procrastinate with solutions, or "pass around the buck." Departments in charge of power supply, commercial affairs, material supply, marketing, agriculture, communications, banking affairs, and public security should properly perform their respective responsibilities around the work of battling flooding, providing relief, and carrying out summer harvesting and planting. All fronts in cities and the countryside must mobilize their people to increase production, conserve resources, and properly perform their respective responsibilities in support of the flood-stricken areas so that agricultural losses can be made up by industrial output and losses in flood-stricken areas can be made up by output in areas not stricken by floods, and so that Zhejiang's national economic development plan this year can be fulfilled. Party committees and governments at all levels must draw up overall plans, pay attention to priorities, divide the responsibilities rationally, and fulfill their individual responsibilities properly. Leading cadres at all levels should improve their work style, go to the grass-roots units to look into their actual situation, guide their work, and help them solve their problems.

Sun Jiaxian, member of the provincial party committee standing committee; Wang Zhonglu, vice governor of Zhejiang; Chen Yuexing [7115 2588 2502], deputy commander of the Zhejiang Military District; and Long Anding, assistant to the governor, were present at the telephone conference.

Also attending the conference were principal leading members of all municipal, prefectural, and county party committees and governments; leading members of flood- and drought-control headquarters; and leading members of various provincial departments.

Northwest Region

Gu Jinchu Addresses Gansu S&T Meeting

HK2307112091 Lanzhou Gansu People's Radio
Network in Mandarin 2200 GMT 22 Jul 91

[Text] The fourth congress of the provincial Science and Technology [S&T] Association and the provincial conference on S&T progress were inaugurated simultaneously in the provincial government auditorium in Lanzhou yesterday morning [22 July]. The joint meeting

became the focus of attention of tens of thousands of S&T personnel across the province.

Qian Weichang, vice chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee; (Chen Baosheng), member of the Chinese Academy of Sciences; and Gao Chao, vice chairman and leading party group secretary of the China S&T Association; attended and extended congratulations to the convocation of the joint meeting.

Qian Weichang delivered an ebullient speech in which he explicitly expounded the important role of S&T in raising productive forces.

Provincial party committee Secretary Gu Jinchu and provincial Governor Jia Zhijie delivered long, important speeches.

The joint meeting was presided over by provincial party committee Deputy Secretary Lu Kejian.

Zhu Xuanren, provincial CPPCC committee vice chairman and provincial S&T Association honorary chairman, delivered an opening speech.

In his speech, Gu Jinchu first extended warm congratulations to the convocation of the joint meeting on behalf of the provincial party committee. Then he put forth the following requirements on further promoting our province's S&T progress:

1. To study conscientiously the spirit of Comrade Jiang Zemin's speech and strengthen the concept of S&T throughout the party and among the whole people;
2. To grasp the key issues regarding Gansu's economic and social development and study the key aspects of Gansu's development;
3. To perfect and implement all the relevant policies and measures and to mobilize to the full the enthusiasm of all parties concerned in promoting S&T progress;
4. To earnestly strengthen party leadership over S&T work and really give top priority to S&T progress in economic and social development.

Gu Jinchu also put forward requirements on strengthening the concept of S&T being the first productive forces.

In his speech, provincial Governor Jia Zhijie said: In order to promote Gansu's economic development, we must implement the strategic principle of developing Gansu by relying on S&T and really shift the strategic focus of our economic construction into the orbit of relying on S&T progress and improving labor quality. In order to effect such an important change, we must successfully carry out the following aspects of work:

To transform traditional industries with S&T and develop industries by relying on S&T;

To arm traditional agriculture with S&T and develop agriculture by relying on S&T;

To transform superior resources with advanced and sophisticated technologies and raise resource utilization rate.

Jia Zhijie also put forward such a guiding ideology for S&T development: To adhere to the party's basic line

and develop productive forces by relying on S&T progress and improving labor quality. [words indistinct]

The joint meeting was attended by a total of more than 300 people, including Xu Feiqing, Ge Shiyang, Yan Haiwang, Wang Jintang, Huang Zhengqing, Yang Zhenjie, (Li Ziling), Wu Jian, Lu Ming, Mu Yongji, and Chen Jianhong, deputies to the fourth congress of the provincial S&T Association; principal party and government responsible comrades from various prefectures, autonomous prefectures, and cities; responsible comrades of the relevant departments directly under the provincial authorities, higher learning institutions, and scientific research institutions and academies, as well as responsible comrades of some factories, mines, enterprises, and undertakings.

Gansu Sees Upturn in Economic Efficiency

HK2307070691 Lanzhou Gansu People's Radio
Network in Mandarin 2200 GMT 21 Jul 91

[Text] Gansu's broad masses of staff and workers on the industrial front worked hard to overcome various difficulties in the first half of the year. As a result, they fulfilled over 50 percent of the annual production plan, and economic efficiency effected an upturn of a rehabilitative nature.

Since the beginning of this year, [words indistinct], all levels of governments across the province have strengthened leadership over industrial production; the broad masses of staff and workers have vigorously carried out activities to make 1991 a year of quality, variety, and efficiency, and worked hard to develop new products; and enterprises have promoted sales of their products, pushing forward production by increasing sales, and vice versa, achieving a steady growth in Gansu's industrial production.

In the first half of the year, the gross industrial output value of industrial enterprises at and above the township level throughout the province hit 14.522 billion yuan, up 9.3 percent over the same period last year, fulfilling 51.4 percent of the annual production plan. Of the gross industrial output value, 12.402 billion yuan was realized by state-owned industrial enterprises, up 7.4 percent. The gross industrial output value of collectively owned industrial enterprises amounted to 2.071 billion yuan, registering a 27.7 percent increase.

In the same period, the province's revenues from financial income and taxes totaled 1.572 billion yuan, accounting for 44.71 percent of the annual plan, up 4.5 percent. The taxes collected from the industrial and transportation fronts province-wide stood at 1.408 billion, making up 46.74 percent of the annual plan, up 4 percent.

Industrial production showed a rebound and the declining economic efficiency was held in check. Since early this year, the production of major and medium-sized state-owned industrial enterprises has evidently taken a turn for the better.

Yin Kesheng Addresses 7th Party Session Close

HK2207081691 Xining Qinghai People's Radio
Network in Mandarin 2200 GMT 19 Jul 91

[Text] Provincial Party Committee Secretary Yin Kesheng pointed out in his speech delivered at the close of the seventh session of the seventh provincial party committee: We must unify both the ideology and action of the cadres and masses with the basic spirit of the "Proposals" so as to lay a solid ideological foundation for our comprehensive attainment of the second-stage strategic goal.

Comrade Yin Kesheng said: The Proposals on Formulation of the Provincial 10-Year Economic and Social Development Plan and Eighth Five-Year Plan adopted by this plenary session are an important document aimed at guiding our provincial economic and social development in the 1990's. In the course of studying the Proposals and unifying ideology, we must pay particular attention to the following three questions:

1. To more clearly understand the situation and define tasks, prepare, and strengthen confidence. The goals and tasks laid down in the "Proposals" are positive and feasible, and therefore attainable and achievable. Cadres at all levels, leading cadres in particular, must unify understanding and strengthen confidence on this question;
2. To further sum up experiences, strengthen the Qinghai concept, and make Qinghai's work a complete success. Yin Kesheng said: By strengthening the Qinghai concept, we must work conscientiously to make Qinghai's work a complete success, make contributions to Qinghai's stability and development, and work for the interests of the people of all nationalities in Qinghai. By strengthening the Qinghai concept, we must develop a strong sense of responsibility and promote Qinghai's development, construction, and economic work in a down-to-earth manner. By strengthening the Qinghai concept, we must take the situation as a whole into consideration, strengthen solidarity among cadres and masses of all nationalities, cultivate the mentality of undertaking arduous pioneering work, relying on ourselves and working hard for a long time to come, and develop the revolutionary spirit of fearing no hardships, bearing hardships, and withstanding hard work;
3. To conscientiously formulate local and specific plans under the guidance of the provincial party committee's Proposals.

When speaking of work in the second half of this year, Yin Kesheng said: We should see stability and development on the one hand, and the rigorous situation on the other. Given our work in the first half of this year, the questions we must make redoubled efforts to study and solve in the second half of this year are: To strive to rectify the style of various organs; to further mobilize the enthusiasm of the cadres and masses; to earnestly grasp the following types of economic work set for this year by concentrating on increasing economic results: 1) Strive

to combat calamities and reap a good harvest, 2) Continue to carry out Quality, Variety, and Efficiency Year activities in industrial production, 3) Continue to push ahead with reforms.

Yin said: In the second half of this year, our work also should center on socialist ideological education in both urban and rural areas, attach greater importance to public opinion and propaganda work, and step up political theory study and research. At present, we must guide cadres and masses to strengthen their faith in socialism by implementing the spirit of the Seventh Plenary Session of the 13th Party Central Committee and studying the speech made by Jiang Zemin on 1 July. Party organizations at all levels across the province also must take the four volumes of the *Selected Works of Mao Zedong* as the basic teaching material in conducting rectification, as well as ideological and theoretical education among cadres and masses for a long time to come, as an important content of their Marxism-Leninism-Mao Zedong Thought education, and as long-term compulsory textbooks on political science for cadres at all levels, especially leading cadres at and above county level.

Yin Kesheng said In the second half of this year, we will organize studies on CPC history, as well as on party-building theory. Various areas should formulate practical and feasible plans, strengthen leadership, and constantly deepen their studies in this regard.

In conclusion, Comrade Yin Kesheng put forward some specific requirements on grasping the comprehensive harnessing of social order.

Yin Kesheng Sends Delegation to Yushu Anniversary
HK2307070791 Xining Qinghai People's Radio Network in Mandarin 2200 GMT 22 Jul 91

[Text] A 21-member delegation of provincial party, government, and military leaders set out from Xining for Yushu at 0800 yesterday [22 July] to attend activities commemorating the 40th anniversary of the founding of the Yushu Zang Autonomous Prefecture.

Provincial party committee Secretary Yin Kesheng and Governor Jin Jipeng sent the delegation, and asked them to convey congratulations and appreciation to the autonomous prefecture on behalf of the provincial party committee and government.

Qinghai Economy Shows Gains Over 1990
HK2207001591 Xining Qinghai People's Radio Network in Mandarin 2200 GMT 16 Jul 91

[Text] Yesterday [16 July], the provincial statistics bureau held a news briefing at which it gave an account of our province's national economic situation in the first half of this year. This year, our province's agricultural and animal husbandry productions have remained fine. By the end of June, the area sown with crops across the

province totalled more than 7.99 million mu, an increase of more than 70,000 mu over the corresponding period of last year.

During this year's spring sowing, various areas firmly stepped up preparations for plowing and sowing, and implemented various production measures to the letter. Moreover, this year's climate is better than in preceding years. Therefore, this year our province is expected to witness an increase in grain and oil crop production on the basis of last year's good harvest, as long as no serious natural calamity befalls us.

From last winter to this spring, various prefectures in the pastoral areas of our province conscientiously organized and implemented production and calamity-resistance measures. Moreover, no serious storm or snowfall hit our province this spring, so it has become certain that our province will reap a good animal husbandry harvest. According to an estimate based on some sample surveys, by the end of June the amount of livestock and sheep on hand totalled more than 25.94 million head, an increase of more than 0.82 million head over the corresponding period of last year. The output of key livestock products, the amount of meat livestock, and the output of meat all saw an increase over the corresponding period of last year.

Our industrial production began to experience a slow recovery in April. Calculated according to constant 1990 prices, the accumulated industrial output value in the first half of this year exceeded 2.736 billion yuan, representing a 3.8-percent increase over the corresponding period of last year. This shows that our province's industrial production has extricated itself from a dilemma.

Our province's industrial production in the first half of this year was characterized mainly by the following developments: 1) Light industry entered a period of recovery and development. Our province's total light industrial output value in the January-June period registered a 8.5 percent increase over the corresponding period of last year. 2) The production of enterprises operating under the system of ownership by the whole people and under the system of collective ownership witnessed further development. 3) The all-staff labor productivity of welfare and charitable industrial enterprises witnessed a steady increase. 4) Our province's transportation, postal, and telecommunication services remained normal; investment in fixed assets further increased; market supply remained good; revenue increased; financial debts decreased; and the pay of staff and workers increased, as did the income of residents.

In the first half of this year, while growing in a good direction, our provincial economy also was plagued by a number of problems, the most serious of which were: Industrial production quotas failed to be attained on schedule, economic results remained relatively poor, and enterprises were still entangled in triangle debts. Thus, the departments and enterprises concerned must make continued efforts to reverse this passive situation.

Tomur Dawamat Discusses National Solidarity*OW2107150491 Urumqi XINJIANG RIBAO in Chinese
30 Jun 91 pp 1, 3*

[Article by Tomur Dawamat: "Hold High the Banner of 'Long Live the Great Solidarity of All Nationalities,' Speed the Pace of Achieving Prosperity and Progress of All Nationalities"]

[Text] Today, 1 July, marks the 70th anniversary of the CPC's founding. During the last 70 years, the CPC has led Chinese people of all nationalities in waging heroic, unyielding fights to overthrow imperialism, feudalism, and bureaucratic capitalism, which weighed like mountains upon the backs of the Chinese people; founded the People's Republic of China; and achieved historic victories in socialist revolution and construction. Tempered by the political storm in the late spring and early summer of 1989, our party has become even stronger and more mature. Facts have proved that the CPC has lived up to its name of a great, glorious, and correct party.

Ever since liberation, and especially since the Third Plenary Session of the 11th CPC Central Committee, Xinjiang has achieved enormous successes in its socialist revolution and construction. The earthshaking changes in Xinjiang are the result of the cordial regard and energetic support of the CPC and the state for people of all nationalities in Xinjiang, of the solidarity and hard work by people of all nationalities under CPC leadership, and of the great victories of the party's minority policies. History has proven that the CPC is the leading core of the Chinese people's revolutionary cause, and that without the CPC there would be no New China, no prosperity for people of all nationalities and our motherland, and no liberation or happiness for people of all nationalities in Xinjiang. History also has proved that only when people of all nationalities hold high the banner of "Long live the great solidarity of people of all nationalities" under CPC leadership can they achieve common prosperity and progress and can Xinjiang achieve even greater victory in its various endeavors.

1. Xinjiang Has Achieved Remarkable Success in Promoting Ethnic Solidarity and Progress; Its Work in All Fields Has Been Developing Rapidly

Ever since liberation more than 40 years ago, Xinjiang, under the CPC's leadership, has abolished the systems that oppressed and exploited the people, and people of all nationalities have been able to enjoy political equality since then. Working hard in close unity in the great cause of developing, building, and safeguarding border areas and of national unification, people of all nationalities have eradicated Xinjiang's poverty and backwardness, and have created thriving economic and cultural development. Their living conditions have never stopped improving. During the protracted struggles, people of all nationalities coexisted harmoniously, like good friends. Common ideals and causes have forged close fraternal ties among all nationalities. We know we all need one another. Throughout its development, the new form of

ethnic relations—characterized by equality, solidarity, mutual assistance, and common prosperity and progress—has become increasingly stronger. Thanks to the cordial regard of the CPC Central Committee and State Council and the great support of relevant departments of the state since the Third Plenary Session of the 11th CPC Central Committee, Xinjiang's national solidarity and its work in various fields have entered a new period of development. Improvement can be observed principally in the following areas:

- The ethnicity concept exemplified in Marxism-Leninism-Mao Zedong Thought has become more deep-rooted in people's minds. During the nine years since 1983, we have designated a month each and every year for the purpose of educating the people on the importance of national solidarity. Through studying the party's ethnic policy and the "Law for Autonomy in Minority Regions," cadres and people of all nationalities have become increasingly aware of the importance of implementing the party's ethnic policy and of promoting national solidarity. The good habit of safeguarding solidarity has developed among the people. "Achieving a stable, united, developed, and prosperous Xinjiang" is today the common aspiration of people of all nationalities in Xinjiang.
- Large numbers of model units and progressive individuals, having distinguished themselves in promoting national solidarity, have come to the fore. In 1982, when Xinjiang held its first meeting to commend people having distinguished themselves in promoting national solidarity, 183 units and 322 individuals were commended; in 1987, when the second meeting was held, 140 units and 271 individuals were commended; in 1988, 24 collectives and 61 individuals from Xinjiang were commended at the first national conference to commend people contributing to promoting national solidarity; and at the end of last year, 111 collectives and 114 individuals were commended at the national conference to commend people contributing to ethnic solidarity and progress. By 1990, 48 counties and cities in Xinjiang had been named by their prefectures as model counties and cities known for national solidarity. Their progressive thoughts and model deeds have inspired cadres and masses of all nationalities immensely in their contributions to Xinjiang's national solidarity and progress.
- The numbers of minority cadres, party members, and scientists and technicians have been growing. Large numbers of minority cadres with a high political consciousness have matured who are revolutionary, educated, young, and competent. During the early post-liberation period, Xinjiang had only 3,000 or so minority cadres. In 1990, the number of minority cadres increased to 233,000, accounting for 46.1 percent of the total number of cadres in Xinjiang and 142 percent of the 1980 figure. As result of educating communist-minded activists who wished to join the party, especially those who are of minority nationalities, party organizations in Xinjiang have admitted 440,000 minority people into the party in the past two years, or 37 percent of the total number of people

admitted into the party during that period. The number of minority technicians reached 190,000 in 1990, or 4.7 times that in 1980 and 413 times that in 1950, when Xinjiang had only 460 technicians. The work of training minority cadres has become a high priority. In 1990, the number of minority college students reached 17,500. That was 1.7 times that in 1980; it accounted for 56 percent of the total enrollment of college students that year. In 1980, 45 percent of college students were minority students. In 1949, colleges in Xinjiang only had 185 minority students. Today, Xinjiang has a contingent of minority cadres specializing in political, economic, scientific-technological, cultural, educational, and medical and health affairs.

—Economic and cultural work has developed substantially. Xinjiang's gross national product reached 13.8 billion yuan in 1990, an increase of 6.9 percent over 1989, and 109.5 percent of the goal set in the Seventh Five-Year Plan. In 1990, Xinjiang's industrial and agricultural output reached 20.2 billion yuan, an increase of 8.3 percent over 1989 and 111.6 percent over the target set in the Seventh Five-Year Plan. Xinjiang's revenues in 1990 reached 2.1 billion yuan, up 9.66 percent over 1989. Thanks to a stronger foundation for agricultural production, Xinjiang reaped a bumper harvest every year during the Seventh Five-Year Plan. Xinjiang's total agricultural output in 1990 reached 7.4 billion yuan. That was a 9.6 percent increase over 1989 and was 115.6 percent of the goal set in the Seventh Five-Year Plan. Xinjiang's total industrial output in 1990 reached 12.8 billion yuan, up 7.6 percent over 1989. In 1990, Xinjiang had 21 schools of higher learning. On the average, there were 20.3 college students among each 10,000 residents in Xinjiang, ranking ninth in the country. In 1990, Xinjiang had 123 county-level and higher research organs and technology development organs with 9,293 staff members. Their relatively comprehensive research projects constitute a preliminary research system in Xinjiang.

—The living standards of people of all nationalities have improved substantially. In 1990, a worker's average cash income was 2,272 yuan, or 160 percent higher than that in 1980; the income of a farmer or herdsman was 620 yuan, or over 200 percent higher than that in 1980. In 1990, per capita floor space for urban residents reached 7.94 square meters. Xinjiang has achieved remarkable success in supporting the poor. Of the 353,700 impoverished households designated in 1985, more than 80 percent no longer have basic food and clothing problems.

2. Make Great Efforts to Expedite Xinjiang's Economic and Cultural Development; Promote Prosperity and Progress of People of All Nationalities

Economic construction is the central task of the whole party and the central task in ethnic affairs. Making great efforts to develop a socialist commodity economy and productive forces in society is the fundamental way to achieve prosperity and progress in minority areas. As

China is a sprawling country with unbalanced development of productive forces, economic and cultural development in minority areas still lags behind that of other areas. Making great efforts to reduce this historical difference and to achieve common affluence and prosperity among people of all nationalities in the course of achieving socialist modernization is the basic stand of our party's national policy. Facts have proved that when the economy has developed and the superiority of the socialist system has been brought into full play, people of all nationalities will love the CPC and the motherland even more fervently, and will act more consciously to safeguard national unification and national solidarity.

The policy of carrying out reforms and opening to the outside world provides the way to build a strong country, and also the way through which people of all nationalities can achieve common prosperity. People of any nationality will have no way out and will be hopeless if they reject reforms and openness. Only through carrying out reform and opening to the outside world can Xinjiang speed up its development and construction. The state now has adopted some policies favorable to Xinjiang, while oil development and the linkage of the second continental bridge between Asia and Europe have created great opportunities for Xinjiang's economic development. We must seize these opportunities, confront the challenges, continue to deepen reform, and open wider to the outside world so as to expedite Xinjiang's modernization.

We must continue to restructure our economic system while we set our general goal of establishing a new system or improving the existing system governing the development of the planned commodity economy, as well as establishing new mechanisms to integrate economic planning with market regulation. Agricultural and pastoral areas must stabilize and improve various contractual systems, including that which links remuneration with household output, and make constant efforts to improve the two-tier operating system, which integrates unified management with independent management. In cities, we must rejuvenate the vitality of enterprises, especially large and medium-sized state-owned enterprises. Enterprises must continue to improve and develop their contract systems, work hard to upgrade their organizational structures, and actively develop enterprise groups by reorganizing, consolidating, or merging themselves according to industrial policies so that we will have a number of enterprise groups able to compete on the home market, and even on the world market. During the course of reforms in agricultural and pastoral areas and in urban enterprises, continual efforts should be made to carry out reforms in the spheres of distribution, prices, fiscal affairs, taxation, banking operation, planning, investment, salaries, and the housing system. Experiments on sharing revenues should be conducted at selected units. Meanwhile, administrative reforms should proceed positively and reliably.

To speed up the pace of opening Xinjiang to the outside world, we must continue to emancipate our minds and

continue to implement the policy of "opening all sectors, and slanting toward the west," and the policy of "establishing ties with other parts of the country, bringing in foreign capital and technology from outside, cooperating with the east, and finding outlets from the west [nei lien wai yin dong lian xi chu 0355 5114 1120 1714 2639 5114 6007 0427]. We must give full scope to Xinjiang's geographical advantages and continue to open wider to the west. We must, in particular, do a good job in promoting trade and economic and technical cooperation with the Soviet Union. We must actively establish economic and technical development zones, make great efforts to promote export of labor service and tourism, and strengthen lateral ties with fraternal provinces and regions—especially special economic zones—so that we can gradually build Xinjiang into an important window through which China can open to the west.

Our reform and opening endeavors are socialist in nature. They are a process by which our socialist system improves and develops itself with the purpose of giving full scope to its superiority, expediting the development of productive forces in society, and giving impetus to progress in all social sectors. This being the case, we must firmly adhere to the socialist course while proceeding with our reform and opening projects. We also must correctly handle the relationship among reforms, development, and stability so that reforms in Xinjiang can proceed soundly.

The concentration of a number of proficient personnel in one place is an important factor playing a decisive role in the development of productive forces. Therefore, to lift Xinjiang out of its present backward state, we must greatly strive to develop its educational, scientific-technological, and cultural work so that we can have more proficient personnel of all nationalities in these areas. In particular, we must attach great importance to developing education among minorities and to training even more minority-nationality technicians.

This being the case, leading authorities at all levels must consider promoting Xinjiang's economic and cultural development as the central task in achieving social stability and in consolidating and developing political stability and unity. Leading authorities at all levels also must make great efforts to develop productive forces. They also must promote cultural and educational development so as to speed up the pace of achieving prosperity and progress among people of all nationalities.

3. Hold High the Banner of "Long Live the Great Solidarity of All Nationalities" and Continue To Strengthen National Solidarity

The history of Xinjiang has proved time and again that people of all nationalities can enjoy prosperity when they unite, but that there will be chaos leading to their decline whenever they move apart. We must cherish national solidarity as we would cherish our eyes. We must cherish our hard-earned national solidarity as we would our lives. Also,

we must unrelentingly strive to strengthen national solidarity, considering it a strategic task of top priority.

1. Upholding the party's leadership is the basic guarantee for strengthening national solidarity and achieving prosperity and progress of people of all nationalities.

The brilliant course Xinjiang has traversed over the past 40 years or so proves that all the successes we have achieved are achievements acquired under the leadership of the party. Therefore, only by upholding the party's leadership and fully implementing the party's basic line and ethnic policies during the new period can we continue to strengthen national solidarity and ensure prosperity and progress among people of all nationalities.

We must make earnest efforts to build stronger party organizations to strengthen our party's leading role. The CPC is the ruling party, and it must exercise its leadership through exercising its ruling functions. If the CPC were to give up its ruling status, it would have no leadership to speak of. Therefore, we must be more aware of our ruling status and should improve our ruling skills. The party Constitution provides: "The leadership of the party is predominantly political, ideological, and organizational leadership." We should be proficient at integrating these three types of leadership, and do an even better job in upholding the socialist course in the political, economic, and cultural spheres so that the party can exercise its leadership in all areas. To strengthen the party's leading role, we must make earnest efforts to build stronger party organizations. The key to building stronger party organizations lies in forming efficient leading bodies and assigning them competent secretaries. This being the case, we must promote to various leading posts those who are morally and professionally competent—those who are politically firm and who are honest and hard working, and who want to serve the people wholeheartedly—so that the leadership will be firmly wielded by people who are loyal to Marxism and who safeguard national solidarity and national unification. This is a strategic policy we must firmly uphold because it ensures Xinjiang's long-lasting peace and stability. Meanwhile, we must intensify the ideological construction of all party organizations. Party organizations at all levels must firmly educate their cadres on the Marxist concept of ethnicity, the party's ethnic policy, and national solidarity, and must arm their minds with the five-point set of instructions concerning the Marxist concept of ethnicity, which Comrade Jiang Zemin underscored when he inspected Xinjiang. Our party member-cadres must be educated to understand that they must assume the stand of the proletariat and people of all nationalities, do their work by proceeding from the fundamental interests of people of all nationalities, and consider it their sacred responsibility to safeguard national unity and the great solidarity of the people in all sectors. Party member-cadres should be helped to know how to observe, study, and handle ethnic issues from the Marxist stand, through the Marxist viewpoint, and with Marxist methods. They must genuinely understand that "people of the Han and minority nationalities need one another," and that their hearts are linked together; they breathe the same air and share the same destiny. Party organizations at all

levels must give full scope to their roles of being political cores and fighting fortresses. Communist Party members must play their vanguard and model roles by taking the lead in following the party's lines and by implementing party principles and policies.

The CPC is the loyal champion of the fundamental interests of Chinese people of all nationalities. Working wholeheartedly to seek happiness on behalf of the people is its starting point and objective. All party members, especially leading party cadres, regardless of nationality, must represent the interests of people of all nationalities loyally and must serve the people of all nationalities wholeheartedly. While Communist Party members can reflect the interests and aspirations of people of their own nationalities, in observing and handling problems they should not simply consider the interests of people of their own nationalities. They should assume the stand of people of all nationalities so they can safeguard the common interests of people of all nationalities. All party members must take a clear-cut stand in struggling against national splittism, and all words and deeds that could impair national unification and undermine national solidarity. Meanwhile, leading cadres at all levels must visit grass-roots units regularly in order to understand their situation, show concern for the plight of the masses, help grass-roots units provide practical services, and solve those problems with which the masses are most concerned and which they have the resources to solve. In this way, people of all nationalities can feel the warmth of the party, and the lines, principles, and policies of the party can be implemented.

2. We must continue to implement the party's ethnic policy, properly handle religious affairs, and continue to encourage units and individuals to be models in promoting national solidarity and progress.

An important way to guarantee success in our ethnic affairs is to implement the "Law for Autonomy in Minority Regions," and all of our party's ethnic policies. We must continue to implement all the provisions of the law, make constant efforts to improve the autonomous systems in minority areas, regularly check the implementation of the party's ethnic policies, and promptly correct all problems so that the party's ethnic policies can be truly implemented. We must fully implement the party's policy governing freedom in religious belief. While we must respect and protect citizens' religious freedom, we also must respect and protect those who do not have any religious belief. We should intensify supervision over religious activities and religious sites. While we must protect normal religious activities and religious circles' legitimate rights, we also must emphasize that the conduct of religious activities must be within the bounds prescribed by the Constitution, law, and other regulations and orders. Religion is not permitted to intervene with the propagation of Marxism-Leninism-Mao Zedong Thought, or with the state's executive, judicial, educational, cultural, marriage, and planned parenthood policies. Religion may not be used as a means to reinstate the special religious and

feudal privileges or the oppressive and exploitative systems that have been abolished. At the same time, in the spirit of seeking truth from facts and in accordance with the high standards and strict requirements that have been set, we must proceed firmly and effectively with activities to commend all units and individuals having contributed to promoting national solidarity.

This year is the first year of the 10-year program and the Eighth Five-Year Plan. Achieving greater success in promoting national solidarity and in consolidating and developing political stability and unity this year is greatly significant for achieving the second strategic objective of Xinjiang's modernization. Let us rally closely around the party Central Committee, with Comrade Jiang Zemin as the core; adhere firmly to the party's basic lines; hold high the banner of "Long Live the Great Solidarity of All Nationalities"; and work hard with even higher morale to achieve prosperity and progress for all nationalities and for Xinjiang's long-lasting stability and development!

Xinjiang Armed Police Corps Train Mobile Units

HK1907143991 Beijing JIEFANGJUN BAO
in Chinese 7 Jul 91 p 2

[By Tian Xing (3944 6717): "Xinjiang Armed Police Corps Conduct Combat Exercise To Train Mobile Units To Cope With Sudden Incidents"]

[Text] On the eve of 1 July, an armed police force, dressed in olive green and with a heroic bearing, started a "battle" in the vast Gobi Desert and the remote, thickly forested mountains in the western border area of our motherland. This was a large-scale, protracted, long-distance, and multi-unit combat exercise aimed at training mobile units (and subunits) to cope with sudden incidents. The exercise was conducted by the Xinjiang armed police corps in Junggar Pendi north of Tian Shan.

In this exercise, the supposed enemy was a group of criminals who, after doing violence with guns, had kidnapped a vehicle and personnel and were escaping from the shoal of Bailongbi He. The armed police force started a motorized encirclement movement from the east and the west. They formed a circle, launched a long-range raid on the Gobi Desert, searched in the thick forest, and captured the enemy in the mountains. This exercise was carried out in view of the topography of Xinjiang and in accordance with the armed police's principle and tactics of capture and annihilation. During the exercise, the supposed enemy had a bag of tricks whereas the officers and men of the units participating in the exercise were brave and resourceful and used varied tactics. This exercise went on for two days and nights. The officers and men, defying the scorching sun and intense heat and fearless of rain or wind, traveled more than 1,600 km all told. They tempered their ability to travel a long way, fight the enemy, rough it under harsh

conditions of food and accommodation, hide themselves, and maintain contacts with other units. In this way, they improved their comprehensive power to cope with sudden incidents.

Xinjiang Border Posts Boost Opening of Hinterland

*OW2307111691 Beijing XINHUA in English
1028 GMT 23 Jul 91*

[Text] Urumqi, July 23 (XINHUA)—Border posts have greatly boosted economic and other exchanges between China's Xinjiang and its foreign neighbors.

The autonomous region has been authorized to open five passes and airports to facilitate trade and other

exchanges with the Soviet Union, Pakistan and Mongolia, and air links with Istanbul and Sharjah. The second Euroasia rail link spanning the region has recently begun trial operations.

Construction is under way for another four border passes to the Soviet Union and Mongolia, which are scheduled to open later this year and in 1992, regional officials disclosed.

Border posts with the Soviet Union, Pakistan and Mongolia have handled goods exceeding 500 million U.S. dollars in the past 10 years, the officials said. Nearly 300,000 tourists used these entry and exit points during the same time, earning for China some 50 million U.S. dollars foreign exchange, the officials said.

Mainland Crime-Fighting Proposal To Be Studied

OW2307085291 Taipei CNA in English 0758 GMT
23 Jul 91

[Text] Taipei, July 23 (CNA)—The government will make a comprehensive study before responding to a Peking proposal that Taiwan and mainland authorities cooperate to fight crime in the Taiwan Straits, a ranking official said Monday.

Huang Kun-hui, chairman of the Mainland Affairs Council (MAC), made his remark after Wang Zhaoguo, director of the Taiwan Affairs Office of Peking's State Council, said over the weekend that without cross-straits cooperation, it will be difficult to wipe out piracy and robbery in the Taiwan Straits.

Commenting on Wang's statement, MAC Vice Chairman Ma Ying-jeou said that as crime is an offense against social order, joint efforts to fight crime will be in both Taiwan and the mainland's common interest.

Early in April, Ma said, Taipei proposed the establishment of a "hot line" between the two sides of the Taiwan Straits to facilitate joint anti-crime efforts. Staffers of the government-funded Straits Exchange Foundation also raised the proposal with communist authorities during their visits to the mainland.

Although the Taipei-proposed cross-straits anti-crime "hot line" has not yet been installed, Ma said, Peking has adopted some tough measures to combat crime in the Taiwan Straits.

Such efforts seem to be paying off as significantly fewer piracy cases in the straits have been reported in recent months, Ma said. "As long as both sides have the determination," he added, "I believe crime in the straits can be effectively curbed."

As to the two mainland fishing boats and their 18 crew members now being detained in Taichung on charges of "extorting money and property through intimidation" from a Taiwan fishing ship, Ma said the government will handle the case prudently.

As it is the first time mainland fishermen have been arrested for piracy by Taipei authorities, Ma said the way the incident is handled will hopefully serve as an example for similar cases in the future.

Whether the mainlanders will serve prison sentences here, if convicted, or whether they would be repatriated will depend on the results of the investigation, Ma explained.

Two mainland criminal suspects—Wu Ta-peng [Wu Dapeng] and Li Ta-chang [Li Dachang]—completed jail terms here for illegal entry into Taiwan before they were repatriated to the mainland with the help of the Republic of China Red Cross Society.

MAC To Handle Suspect Boats

OW2207103491 Taipei CNA in English 0740 GMT
22 Jul 91

[Text] Taipei, July 22 (CNA)—Some 18 mainlanders from two fishing boats suspected of robbing a Kaohsiung-based boat off Taichung Harbor will be dealt with according to the law here, a Mainland Affairs Council [MAC] official said here today.

Ma Ying-jeou, MAC deputy chairman said the incident occurred in the Republic of China territorial waters and will therefore be turned over to judicial authorities here.

Ma said that all the mainlanders are safe and well, except for Chiu Tzan-chen who was slightly injured from a shot fired during the incident, and are now at a Taichung Detention Center for mainlanders.

Ma said that MAC will contact its mainland counterparts to tell them about the incident.

The mainland boats were brought into Taichung Harbor early this morning.

The mainlanders on the two boats were taken to the harbor authorities for an initial interrogation and later sent to a temporary detention center. The injured mainlanders were sent to a hospital for treatment.

According to Hsiao Chin-san, captain of the Kaohsiung-based fishing boat San Hsin Tsai, the mainland boats stopped his boat 30 miles off the Taichung Harbor at 4:30 P.M. Sunday and claimed that he had damaged their driftnets and fishing equipment.

The mainland ships robbed the Taiwan fishing boat of its valuables and, taking Hsiao's brother hostage for over an hour, asked for a ransom of NT\$5,800, Hsiao claimed.

After the incident, Taiwan fishing boats operating near the San Hsin Tsai radioed for help and navy and patrol vessels quickly arrived and took control of the situation around 8 P.M.

Task Force To Assist Mainland Investments

OW2207103391 Taipei CNA in English 0759 GMT
22 Jul 91

[Text] Taipei, July 22 (CNA)—The government will soon establish a task force to assist domestic manufacturers investing in mainland China or forming joint ventures there, the Ministry of Economic Affairs (MOEA) said Sunday.

Economic officials said the task force will provide necessary assistance in solving the problems Taiwan businessmen may encounter while doing business in mainland China.

The task force will establish an information network on mainland trade and economics, and will advise Taiwan businessmen on legal and tax matters.

Taiwanese manufacturers will also be urged to form associations and open branches in other countries.

The task force will issue early warnings of any abnormal signs in cross-strait trade to ensure that any losses be minimized.

MOEA is now coordinating the efforts of the government agencies involved in setting up the task force.

No Decision on Allowing Mainland Chinese Labor

*OW2107125091 Taipei Voice of Free China
in English 0200 GMT 21 Jul 91*

[Text] A final decision has yet to be made on opening the introduction of labor from the China mainland as well as the import of semi-finished products from there.

Huang Kun-hui, chairman of the Mainland Affairs Council, said on Sunday: Before workers from the mainland are [words indistinct], some ramifications must be carefully considered. While a small number of mainland workers wouldn't be enough to meet the island's demand, they could be more than enough to cause social unrest. Even Communist China has sustained hostility toward Taiwan, and if mainland workers overstay, the government would have to keep their removal from the island. [sentence as heard] In addition, too many mainland workers might also be a drag on Taiwan's ambition to upgrade industry.

Regarding semi-finished products from the mainland, Huang said the government agency currently considers their opening as more harmful than helpful. There is no consensus yet.

Ministry To Permit Imports of Semifinished Goods

*OW1907094891 Taipei CNA in English 0804 GMT
19 Jul 91*

[Text] Taipei, July 19 (CNA)—The Ministry of Economic Affairs [MOEA] has decided to allow imports of semi-finished mainland Chinese products via a third country or area, a high-ranking official said Thursday.

Economic Affairs Minister Vincent Siew said his ministry is studying the timing to lift its import ban on semi-finished mainland products.

Siew said imports of low-cost semi-finished mainland products are expected to help enhance the competitiveness of Taiwan manufacturers in world markets.

The minister said his ministry will carefully choose the items it will allow to be imported into Taiwan in order to minimize their impact on the domestic market.

Siew said his ministry will announce the regulations governing imports of semi-finished mainland goods in the next few weeks.

The move will help redress the growing imbalance in cross-straits trade, noted the official, who preferred anonymity.

The official said Taiwan registered a trade surplus of 4.7 billion U.S. dollars with Hong Kong in the first half of this year, while its trade surpluses with other countries declined 67 percent.

The shift is mainly the result of the rapid growth in Taiwan exports to the mainland, the official commented. Mainland-bound shipments via Hong Kong accounted for more than half of total exports to the British colony during the six-month period.

The huge trade surplus with Hong Kong will accelerate the appreciation of the new Taiwan dollar, which will in turn undermine the competitiveness of Taiwan products in other markets, the official said. In fact, he warned, Taiwan's effort competitiveness is declining as reflected in the sizable decrease in its trade surpluses with countries and areas other than Hong Kong.

The government currently only permits indirect imports of 159 kinds of mainland raw materials. The lifting of the ban on imports of semi-finished goods will help correct the imbalance in cross-straits trade, the official added.

Red Cross Announces More Flood Donations

*OW2007180291 Taipei CNA in English 0814 GMT
20 Jul 91*

[Text] Taipei, July 20 (CNA)—Donations, pouring in from all walks of life to help mainland China flood victims, totaled NT\$87.98 million Friday, the Republic of China [ROC] Red Cross Society announced.

Henry Hsu, president of the society, was scheduled to transfer today to the Hong Kong liaison office of mainland China's Red Cross Society one million U.S. dollars donated by the Government of the Republic of China.

Chang Sung-mao, vice secretary-general of the society, said 15,000 metric tons of rice supplied by the Taiwan Provincial Food Bureau and the ROC Red Cross Society and 30 freight containers of flour from the Taiwan Flour Mills Association will soon be shipped by foreign registered vessels to the mainland via Hong Kong. Medical supplies will be delivered to the mainland by air within one week.

The Chinese Buddhist Association donated one million NT dollars to the society Friday and said that it has launched a donation campaign among Buddhists around the island.

Mainland Urged To Accept

*OW2007173191 Taipei Voice of Free China
in English 0200 GMT 20 Jul 91*

[Text] Director of the Mainland Affairs Council Huang Kun-hui Friday called on the mainland authorities not to make Taiwan's aid relief to flood victims a political

issue. Huang pointed out that the mainland authorities refused to accept a 5,000 U.S. dollar donation for flood victims offered last week by the ROC's [Republic of China's] government-sponsored Straits Exchange Foundation. Huang said that the ROC's Red Cross Society has already prepared a package of 1 million U.S. dollars and food supplies for the flood victims. Moreover, Premier Hao Po-tsun and Secretary General to the Presidential Office Chiang Yen-shih both approved the aid package. Huang said there must have been one week Taiwan residents pitched in to a 70 million N.T. dollars, adding that this is a positive sign for relations across the Taiwan Straits. [sentence as heard]

Ministry To Produce Four IDF's Per Month

OW2007172791 Taipei Voice of Free China
in English 0200 GMT 20 Jul 91

[Text] Defense Minister Chen Lu-an on Friday morning said that beginning in January 1994, the ROC [Republic of China] will produce four IDF fighters per month. He said: A new model of the IDF will be completed next March, replacing the A-2 models currently in use, one of which crashed last week during a test flight in Central Taiwan, killing a pilot. Chen said: The IDF, nicknamed the "Ching-kuo Hao" in honor of late President Chiang Ching-kuo must go through 1200 trial flights and crucial evaluations before being put into use. The aerospace development center at the Chungshan Science and Technology Research Institute, responsible for production of the airplane, said they will produce one IDF per month beginning in January 1994 and will gradually increase production to four per month. The aerospace development center said ROC air force units and Taichung area will be the first recipients of the new IDF fighters.

Li Teng-hui Stopover in Japan Shelved

OW2207091191 Taipei CNA in English 0753 GMT
22 Jul 91

[Text] Taipei, July 22 (CNA)—The Republic of China [ROC] has shelved a planned Tokyo stopover by President Li Teng-hui during his scheduled visit to Central America in August after the proposal was prematurely reported by the Japanese media. Foreign Minister Chien Fu said over the weekend.

"We have not pursued our President's visit to Japan and will not contact Tokyo over the issue in the foreseeable future," Chien told a regular news briefing.

Chien said the government had never suggested that President Li visit Japan. The visit was proposed by Japanese friends hoping to see improvements in Sino-Japanese relations, he emphasized.

While the Japanese Government was still studying the feasibility of Li's visit, Chien said, the plan was leaked to the Japanese media. This indicated that Japanese authorities had differing opinions on Li's planned trip, he noted.

On future Sino-Japanese relations, the minister said Taipei will remain friendly with Tokyo since the two countries are geographically and economically close and cooperate well.

Japan is Taiwan's second largest trading partner after the United States, Chien said. The country simply cannot give up its longstanding relations with Japan just because of something unpleasant, he noted. "My ministry will work harder to forge even closer ties with Tokyo," he pledged.

Chien pointed out that the Shinbokokai, whose membership includes the younger elite of Japanese political, business and academic circles, was recently formed to promote increased and wider Sino-Japanese exchanges and cooperation.

While hailing the establishment of the Shinbokokai, Chien said, the Republic of China has never overlooked the contributions the Dietmen's council for Japan-ROC friendly relations has made in cementing Taipei-Tokyo ties over the past 18 years. "We have consistently valued our relations with the Dietmen's council," he added. The council was formed by a group of Japan's Liberal Democratic Party Dietmen.

On a reported government plan to change the name of its representative office in Japan, Chien said it is his ministry's constant goal to upgrade Sino-Japanese relations, but it is not appropriate to talk about the plan in detail before it materializes.

The Republic of China is reportedly seeking to change the name of its office in Tokyo from the current "Association for East Asian Relations Office in Japan" to the "Taipei Representative Office in Japan" in an attempt to upgrade the status of its representation in that country.

Taipei established the Association for East Asian Relations in 1972 to handle exchanges with Japan after Tokyo switched diplomatic recognition to Peking.

Envoy Urges Japan To Cut Trade Surplus

OW2007195591 Taipei CNA in English 1521 GMT
20 Jul 91

[Text] Tokyo, July 20 (CNA)—The Republic of China's representative to Japan, Hsu Shui-teh, has urged Japan to cut its huge trade surplus with the ROC [Republic of China] through investments and transfer of technology.

In an interview with the NIKKAN KOGYO SHIMBUN, which was printed Friday, Hsu said it is necessary for Japan to make prompt investments accompanied by transfer of technology to the ROC in a bid to redress the growing trade imbalance in Japan's favor.

Dialogues between Taipei and Tokyo for trade problems have not been enough, said the representative of the Association for East Asian Relations (AEAR), which represents the ROC's interests in Japan in the absence of diplomatic relations between the two countries.

Trade missions from the ROC should be allowed to regularly visit Japan for negotiations on trade issues, transfers of technology as well as investigations and explorations of Japan's market, he added.

The ROC is engaging in a six-year national development plan to better develop its infrastructure, Hsu said. With the better infrastructure, Japan's investments in the ROC will benefit both countries, he added.

The per capita amount of money paid annually by the ROC people for buying Japanese products is 788 U.S. dollars, more than 10 times that of Japanese's purchases of goods made in Taiwan, which stands at only 67.5 U.S. dollars, Hsu noted.

He added that 15 percent of visitors to the Tokyo Disneyland per year come from Taiwan, and more than one million Japanese annually visit the ROC. It is necessary for both countries to carry on more dialogues for deepening mutual understanding, he stressed.

Taipei Ready To Extend Aid to Moscow

OW2007195791 Taipei CNA in English 0805 GMT 20 Jul 91

[Text] Taipei, July 20 (CNA)—The Republic of China is ready to extend economic aid to the Soviet Union, Vice Economic Affairs Minister P. K. Chiang announced Friday.

The aid will be channeled through the country's 1.1 billion U.S. dollar Overseas Economic Cooperation Development Fund, Chiang said.

Chiang's remarks followed pledges by the leaders of the Group of Seven (G-7) industrial countries to help the Soviet Union transform its centrally planned economy to a market-oriented one.

Chiang reported that his ministry has proposed three ways to help finance economic development projects in the socialist country.

Financing may be extended through such international financial institutions as the World Bank and the European Bank for Reconstruction and Development, Chiang explained.

The government may offer loans to Soviet financial institutions which will then lend the money to small- and medium-sized companies in that country, Chiang said. Soviet authorities will also be welcome to apply for assistance by presenting development projects directly to the Overseas Economic Cooperation Development Fund, he added.

Chiang continued that the Republic of China is also willing to share with the Soviet Union its experience in developing small- and medium-sized businesses in order to accelerate Soviet economic reforms.

A private Far East-Soviet exchange foundation was formed today to promote closer trade and economic ties between Taiwan and the Soviet Union.

The foundation will set up offices in both Taipei and Moscow to boost bilateral commercial exchanges, said a spokesman for CMP Enterprise Co., which helped organize the foundation.

The foundation's board of directors include representatives from both Taiwan and the Soviet Union, the spokesman said. Former Soviet Foreign Minister Eduard Shevardnadze is among the board members, he added.

USSR Fishery Officials To Visit in August

OW2107130191 Taipei Voice of Free China in English 0200 GMT 21 Jul 91

[Text] Fishery cooperation between the ROC [Republic of China] and the Soviet Union will reach a new height.

The ROC's Council of Agriculture announced on Saturday that eight Soviet fishing officials will visit the ROC on 8 August. Apart from visiting ROC fishery authorities, the Soviet officials will also address future possibilities for fishing cooperation with Taipei.

(Li Cheng-chung), chief of the Fishery Department of the Council of Agriculture, said that (these) meetings of fishery officials from the two nations (are stemmed) from a previous meeting in Tokyo where the two sides came into contact for the first time. The Council of Agriculture has already consulted with potential Taiwan investors interested in the USSR fishery industry, hoping that there will be breakthrough developments during the talks.

The Soviet fishery delegation will stay in Taiwan for eight days.

Bush Support for GATT Membership Appreciated

OW2007144091 Taipei CNA in English 0817 GMT 20 Jul 91

[Text] Taipei, July 20 (CNA)—Chien Fu, minister of the Ministry of Foreign Affairs, said today in a regular press briefing that US President George Bush's support of Taiwan in its bid to join the General Agreement on Tariffs and Trade is appreciated.

In a letter to US Sen. Max Baucus, which was released at a press conference Friday, President Bush said the United States has a firm position of supporting the accession of Taiwan on terms acceptable to GATT contracting parties. "The United States will begin to work actively with other contracting parties to resolve in a favorable manner the issues relating to Taiwan's GATT accession.

"As a major trading economy, Taiwan can make an important contribution to the global trade system through responsible GATT participation," Bush said in the letter.

Chien said that since it applied for GATT membership about 18 months ago, Taiwan has secured support from

many friendly members of the world trade body, including the United States.

Minister Says Seoul APEC Efforts 'Welcome'

*OW2007200091 Taipei CNA in English 0759 GMT
20 Jul 91*

[Text] Taipei, July 20 (CNA)—The Republic of China [ROC] would welcome South Korea's mediative efforts to enable Hong Kong, mainland China and Taiwan to "simultaneously" join the Asia-Pacific Economic Cooperation (APEC) forum, Vice Economic Affairs Minister P. K. Chiang said Friday.

Chiang's statement came amid reports that negotiations on the entry of the three Chinese economies into the Asia-Pacific grouping have reached a "very sensitive stage."

Reports from Seoul said that South Korea, the host of the next APEC ministerial conference, are mediating between the "three Chinas" on their entry into the regional economic forum and that Korean officials are hopeful of a solution before APEC meets in Seoul in November.

Chiang said APEC has agreed to the "simultaneous" entry of the "three Chinas" since its establishment in 1990.

"We will join the organization through Seoul's mediation," Chiang confirmed. As for Taipei's naming in APEC, he said, the government is still pondering the issue.

Vice Foreign Minister John Chang said Friday upon his return from visits to four southeast Asian nations that most ASEAN (Association of Southeast Asian Nations) member countries support the Republic of China's bid to join the Asia-Pacific economic forum.

Chang said all the four countries he visited—Thailand, Malaysia, Indonesia and the Philippines—attach great importance to their relations with the Republic of China.

Chang recalled that during his meetings with ranking officials in these countries, they all expressed strong willingness to strengthen their ties with Taipei and to promote further bilateral economic cooperation. The countries are also willing to resolve any disputes or difficulties that might arise from bilateral exchanges through consultations and negotiations, he added.

Hong Kong

Lord Caithness Hails Airport Memorandum

OW2207142891 Beijing XINHUA in English
1318 GMT 22 Jul 91

[Text] Hong Kong, July 22 (XINHUA)—The memorandum of understanding between Britain and China on Hong Kong's new airport project is a major forward step, a senior British Foreign Affairs official said here today.

Lord Caithness, British minister of state for foreign and commonwealth affairs with special responsibility for Hong Kong, made these remarks to reporters on his arrival at the airport today.

"Now, that memorandum of understanding has been signed. I think that's a good step forward," he said.

Lord Caithness said, "we want to build on that, because the one thing that is important for Hong Kong is stability and continuity, and everybody here has said that good Hong Kong-Britain and Chinese relationships are essential."

"Now that is what we want to build on," the minister added.

During his seven-day Hong Kong visit, he said, he would talk to Governor Sir David Wilson and the senior officials, and meet as many people as possible.

He said that he will also listen to current concerns, of which is the issue of the Vietnamese boat people.

Number of PRC-Funded Firms Increases Rapidly

HK1907152591 Beijing JINGJI RIBAO
in Chinese 19 Jun 91 p 4

[Article by Gong Wen (0361 2429): "PRC-Funded Establishments Active in Hong Kong's Economy: Prospects for Mainland Economic, Trading Ties with Hong Kong, Taiwan in 1990's"]

[Text] PRC-funded establishments set up by the mainland in Hong Kong have mushroomed from a handful in the 1950's to the current several thousands. Their total investment in Hong Kong is estimated at 9 to 10 billion dollars and distributed in finance, insurance, trade, transportation, public utilities, industry, tourism, hotels and other service sectors, as well as in real estate and construction.

During the past 30 years, PRC-funded establishments have been comprised primarily of four groups—Bank of China Group, the China Resources (Holdings) Co. Ltd., China Merchants International, and the China Travel Service (HK) Ltd. Since 1979, the number of PRC-funded establishments set up in Hong Kong have risen dramatically, with the China International Trust and Investment Corporation [CITIC] and the Ever Bright Industrial Corporation among the largest groups. All provinces, cities, and autonomous regions have joined the rush to set up representative offices in Hong Kong and, except for Tibet, all provinces around the country

have done so. So have the big cities and even counties in Guangdong. However, the provinces of Guangdong and Fujian account for the greatest presence where the representative institutions come in the form of the Guangdong Enterprises Group Ltd., and the Fujian Enterprises Co. Group Ltd. Moreover, many central, provincial, and city foreign trade departments have also set up offices in Hong Kong.

The policies of reform, opening up, and economic invigoration implemented in the mainland since 1978 have created the conditions for PRC-funded establishments to become more active in Hong Kong. In particular, after preferential policies and flexible measures were introduced in the two provinces of Guangdong and Fujian, the special economic zones established, and 14 coastal cities and some delta regions opened by the state, the number of PRC-funded establishments in Hong Kong ballooned out of a desire to facilitate the operation of businesses. The excellent investment environment in Hong Kong has also attracted investments from mainland enterprises.

Mainland investments in Hong Kong have created jobs because the number of factories they established rose to 49 in 1978. The cumulative investments totalled 2.952 billion Hong Kong dollars, accounting for 31.3 percent of total investments, local and foreign, in Hong Kong's manufacturing industry and ranking only third behind the United States and Japan. In 1989, the cumulative investments rose to 3.178 billion Hong Kong dollars, while its proportion dropped to 10.7 percent.

The turnover of mainland contract engineering projects and labor services in Hong Kong and Macao is 15 to 18 percent of the total. Between 1979 and 1989, the mainland handled 1,201 such projects with a total business turnover of 1.549 billion dollars. This created 30,000 jobs for the people of Hong Kong and Macao.

Between 1979 and 1989, the Bank of China Group saw its deposits rise by 14.4 times, lending by 22.2 times, while business turnover grew by 82.5 times. If the Kah Wah and Union Banks are included, the Hong Kong dollar deposits and Hong Kong dollar assets of all PRC-funded banks make up more than 20 percent of Hong Kong's total, making it the second biggest banking group after the Hong Kong and Shanghai Bank group. At present, the Bank of China Group has 313 branches and employs more than 14,000 people.

The China Resources (Holdings) Co. Ltd., has more than 150 enterprises with its own fleet, port, warehouses, oil depot, department stores, and supermarkets. The group also has more than 400 distributors and agents in Hong Kong as well as 4,000 business establishments. In 1989, the total import and export trade volume of this corporation and the trading companies it has established in Hong Kong reached 150 billion Hong Kong dollars or 13 percent of Hong Kong's total foreign trade volume. It also generated business turnover of 50 billion Hong

Kong dollars in 1989 and supplied 24 to 30 percent of the total oil products needed on the Hong Kong market.

The China Merchants International has some 20 directly-owned companies and 40 firms in joint ventures with others. The value of its total assets, including those of subsidiaries in the mainland, exceeded 10 billion Hong Kong dollars. The group's oceangoing fleets have millions of tons of freight capacity, account for more than 6 percent of all of Hong Kong's barge tonnage, and ship roughly 10 percent of Hong Kong's waterborne trade. The group also owns a controlling interest in the Union Bank.

The China Travel Service (HK) Ltd. Group has set up 13 branches and more than 20 companies, employing over 8,000 people and handling 2 million tourists, local and foreign, every year. It is also engaged in cargo delivery, storage, trade, hotel, airline and rental car services, construction and renovation, advertising, printing, and computer services.

The CITIC (Hong Kong Group) has total assets of over 20 billion Hong Kong dollars. In 1986, it injected capital worth 350 million Hong Kong dollars in order to purchase the Kah Wah Bank and, in 1987, it spent 1.9 billion Hong Kong dollars to buy 12.5 percent of the rights to Cathay Pacific Airlines. In 1990, it spent 10.3 billion Hong Kong dollars to buy 20 percent of Hong Kong Telecom shares. At present, it owns 38 percent of the rights to Hong Kong Dragonair Airline, 33.3 percent of the Asia Satellite Company shares, more than 20 percent of the rights to the Hong Kong Eastern Tunnel, and 25 percent of the rights to the Macao Telecommunications. It also possesses some very valuable real estate property.

Some of the distinctive features of the activities of China-funded establishments in Hong Kong in recent years are as follows:

Collectivization of the organization—Operations are collectivized contributing to policy coordination (the controlling company is responsible for determining the development and direction of the entire business and handles major affairs; all subsidiaries are responsible for their day-to-day operations) and a unified public image is established.

Diversification in business operations—While maintaining their principal business activities as the core, all big groups also engage in other business operations. The Bank of China group used to deal primarily in retail banking but it has now branched out into wholesale banking services, buying and selling stocks, buying and selling gold, leasing, and industries. Meanwhile, the China Resources (Holding) Co. Ltd., used to deal mainly with exports and the distribution and marketing of Chinese goods in Hong Kong. Today, aside from the imports and exports of commodities, it has also gone into transport and importing advanced equipment and technologies, advertising, exhibits and expositions, trade consultancy, building and hotel interior decoration, supply of materials, wholesale, retail, storage, transport, and industries.

Modernization, diversification, and flexibility in modes of operation—In terms of funding, there are: Sole funding by China-funded establishments, joint venture among China-funded establishments, joint Sino-Hong Kong venture, and joint Sino-foreign venture. In terms of enterprise management, more locally-suitable management methods were adopted; local and foreign talent were employed; local companies or notes or banks were purchased, indirect listing through the purchase of "shell" companies was used, and capital was raised through stock issues. All these had never been done before.

Stronger economic ties between Hong Kong and the mainland can contribute to the acceleration of the four modernization endeavors in China, and multifaceted links in trade, finance, and industry can help the mainland import advanced products, facilities, technologies, capital, management techniques, personnel, and information from overseas. It can also contribute to the maintenance and intensification of the prosperity and stability of the Hong Kong economy. The mainland has always been a steady supplier of foodstuffs and raw materials to Hong Kong. Today, it offers a promising and lively market for Hong Kong products and labor services. Increased mainland financial activities in Hong Kong will help maintain and upgrade Hong Kong's position as the financial center of the Asia-Pacific region, while the increasing number of establishments set up by mainland organs in Hong Kong will make Hong Kong serve as a bridge in promoting economic ties between the mainland and overseas.

Roundup Examines Labor Import Policy

HK1907100691 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0616 GMT 17 Jul 91

["Roundup" by Yu Cheng (6735 2052): "Hong Kong Government Must Reexamine Its Policy on Introducing Labor From Outside"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 17 Jul (ZHONGGUO TONGXUN SHE)—There are indications that unemployment in Hong Kong is moderately deteriorating, suggesting that the demand for labor in industry and commerce will drop. There is a need for the Hong Kong Government to re-examine its labor import policy. The imported labor should serve the long-term needs of the relevant trades.

Hong Kong's economy has slightly recovered for the last six months, thus providing more employment opportunities in a certain degree. But the unemployment figures recently announced by the Hong Kong Government show that unemployment is a common sight and will even become worse. After a seasonal adjustment, Hong Kong's unemployment rate rose to 2.1 percent from February to April. From March to May, the unemployment rate rose to 2.4 percent after a seasonal adjustment, thus showing a trend of decreasing employment.

The main factors causing the decrease in employment opportunities are as follows: 1. Hong Kong's economy is

changing in nature. In the manufacturing industry, labor-intensive production is shifting to the north [bei yi 0554 4448] and capital-intensive production is being introduced to Hong Kong. Capital investments are also being made in other commercial circles and service trades, thus reducing the demand for labor. In May, vacancies in the manufacturing industry declined by 17 percent as compared with the same period of last year. Obviously, there is less demand for labor in large factories.

2. Many service enterprises have recruited a number of workers in the last two or three years apart from carrying out capital investments, automation, and computerization. Now all these have reached a saturation point and need assimilation. In May, workers increased by 10.3 percent in retail, wholesale, and foreign trade circles over the same period of last year, with a decrease of 4.8 percent in vacancies. This fully suggests that labor supply in service trade has reached a saturation point. The situation in monetary and real estate circles is similar. Their employees increased by 5.1 percent in May but vacancies decreased by 16.3 percent.

3. In the past Hong Kong Government labor import policy was a little faulty and even erroneous. As a matter of fact, the introduction of labor from outside has reduced employment opportunities for Hong Kong workers. Labor-intensive production is shifting to the north while Hong Kong's economy is changing in nature, thereby reducing employment opportunities. In May, employees and vacancies in the manufacturing industry declined by 8.9 and 17 percent respectively as compared with the same period of last year.

The internal economic structure is changing in nature. Therefore the Hong Kong Government should rationally adjust its labor policies toward different trades in light of this essential change. Because this economic change constitutes a secondary factor for inflation, the Hong Kong Government should also consider allowing some enterprises to introduce labor from outside when they feel the need. It is believed that some companies in service and construction trades will have an urgent demand for labor, but the manufacturing industry is different.

However, the Hong Kong Government should provide special consideration for the manufacturing industry from another angle. Hong Kong's manufacturing industry no longer relies on labor-intensive production; instead, it relies on capital-intensive production. How to actually support Hong Kong manufacturers in improving their product quality and introducing more science and technology is a new problem for the Hong Kong Government. In the course of Hong Kong's economic change.

Commentary No. 1 Successful Trade Negotiations

HK1907031791 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0735 GMT 14 Jul 91

[Commentary by Yu Cheng (6735 2052): "Hong Kong Can Continue To Remove Trade Obstacles"]

[Text] Hong Kong, 14 Jul (ZHONGGUO TONGXUN SHE)—The successes scored in Hong Kong's negotiations on textile trade agreements with the United States and the European Common Market and the possibility that the United States will ultimately extend most-favored-nation status to China will enable Hong Kong to remove months of perplexity caused by trade obstacles, will facilitate export of Hong Kong products, and will allow re-exports to grow more rapidly. The prospects for Hong Kong's foreign trade are still optimistic.

The United States had earlier agreed to extend the textile trade agreement with Hong Kong for four years. This has a favorable impact on business development and investment by Hong Kong manufacturers. It is true that U.S. markets account for nearly one-half of the total export value of textiles produced in Hong Kong. With the United States guaranteeing that no changes will be made in the terms for importing Hong Kong products for four years, Hong Kong businessmen will be able to boldly deploy their medium-term business tactics.

The European Common Market is disposed to extend its trade agreement with Hong Kong for one year. It apparently has something to do with the market integration program at the end of next year. Hong Kong must continue in the coming months to strive for more rights and interests in the European Common Market so as to benefit from the rapid expansion of this enormous market.

Although the U.S. House of Representatives voted a few days ago in favor of revoking the most-favored-nation treatment to China, the resolution was passed with only a slim majority, and there is reason to believe that U.S. President Bush and White House officials will exert their influence on the Senate to support continued extension of these trade terms to China. Hong Kong businessmen still pay close attention to the development of events, and go on lobbying U.S. congressmen, so the chance to extend most-favored-nation status to China is not small. This will be beneficial to Hong Kong's industry and trade, and even the economy as a whole.

This year, Hong Kong will undoubtedly face numerous trade negotiations, but it seems likely to overcome the difficulties. This will have a decisive bearing on the development of Hong Kong economy as a whole. In fact, the economic structure in Hong Kong has been rapidly changing its pattern in recent years, with the increased total production value in the manufacturing industry reaching as high as \$89.645 billion [currency not further specified] in 1989, or an annual growth rate of 7.8 percent. Besides, Hong Kong businessmen have pumped into south China a large volume of investment in industrial production and, therefore, the changing development pattern of its manufacturing industry still makes significant contributions to Hong Kong economy and even promotes the growth of various service trades.

What merits our attention is that, plagued by all sorts of foreign trade difficulties, Hong Kong businessmen can still achieve relatively satisfactory business performance.

Especially since the Gulf War ended, shipments of Hong Kong goods to overseas markets have increased rapidly, and the orders received by manufacturers have gradually improved. From the orders recently received by Hong Kong businessmen, and the steady, marked pickup in the import of raw and semi-finished materials and semi-manufactured products, one can see that export of Hong Kong goods, and re-export trade in particular, are likely to recover step by step.

The main reasons for the promising outlook for the export of Hong Kong products and the re-export trade are as follows: 1) The economic and trade activities in mainland China have been developing more rapidly than before. 2) The economy in the Asian region continues to maintain a relatively notable growth, and the economic and trade contacts within the region have become more frequent day by day, enabling Hong Kong to play an increasingly important pivotal role. 3) After bottoming out, European and U.S. markets have enlivened one after another, not only increasing the absorption of various commodities, but easing the pressure of economic and trade protectionism.

Hong Kong has been under the threats of economic and trade protectionism from the European and U.S. markets, but it has all along been able to grow rapidly in adverse circumstances. Recently, various major trade agreements have been satisfactorily concluded, and there are fine prospects for those pending conclusions. That is why there is still room for industrial and trade development in Hong Kong.

'Errors' in Handling BCC Incident Alleged

HK1907071291 Hong Kong WEN WEI PO
in Chinese 19 Jul 91 p 15

[By Chen Chien (7115 1017): Hong Kong Government's Helplessness, Errors in Dealing With Depositors"]

[Text]

Please Make Self-Examination Before Tracing Rumors to Their Source

After the Hong Kong Government announced its decision to liquidate the Bank of Credit and Commerce [BCC], enraged depositors took to the streets and staged a sit-in. Though their actions obstructed the traffic, putting ourselves in their position, we cannot help but heartily sympathize with them. Other panic depositors rushed to withdraw their deposits from certain foreign-invested medium and small banks, especially those with a Middle East background. Although it can be said they were misled by rumors, we can hardly blame these panic depositors after we see with our own eyes the BCC's example.

The Hong Kong Government pledged to trace the rumors to their source. Here, let us fulfill our duties as citizens and provide some clues for the government. It is indeed difficult to determine the source of rumors spreading among frightened people, and the mini-run on

such banks might only be a sensitive reaction of some depositors out of self-protection. However, there is one thing we can say for certain: Before or at the same time when it starts tracing rumors to their source, the Hong Kong Government should first make self-examination on its errors in dealing with the incident, as well as on its financial system which has failed to protect the interest of depositors equally without discrimination!

Confidence of Depositors Plummeted

Hong Kong has been enjoying a sound banking system, and its supervisory system has also been reliable. During the several banking turbulences in previous years, the Exchange Fund was always used to undertake bad debt, and depositors suffered no loss in the slightest degree. This served to set people's minds at rest. On the same working day when the BCC's overseas sister companies were closed down, there was no panic withdrawal in the BCC Hong Kong. This not only gave full evidence to depositors' trust in the Hong Kong Government's announcement that the BCC's operation was sound, but also served to show how calm the depositors were. However, the situation is quite different from what it was over one week ago. Now, the depositors of the BCC have become enraged, while depositors of certain other banks sensitive. Things happened during the past week and more have exerted certain impact on the foundation of Hong Kong, which has been built up over the years. We have no intention of exaggerating the impact produced by individual incidents, yet if the Hong Kong Government fails to learn from such incidents, things may take a turn for the worse.

Nothing Wrong With Closedown, Only It Came Too Late

We have pointed out in two articles published last week the errors the Hong Kong Government made in dealing with the incident. Before we make a further analysis, we would like to put in a few words for the Hong Kong Government: 1) The Hong Kong Government had no alternative but to order the BCC to liquidate its business. Though it would cause immediate losses on the part of depositors, this order provided a fair guarantee to the creditors of the bank, including all the depositors. 2) The decision to put the bank in the hands of liquidators is one way to freeze and allow creditors to apportion the bank's assets according to legal procedures. It would be best, of course, if buyers could be found to take over and reopen the bank. However, no buyers would take the risk if the government refused to use the Exchange Fund to provide guarantee for bad debt, as what it did before. 3) The principle of not using the Exchange Fund is correct. Hong Kong cannot afford to habitually use the accumulated reserve of citizens to compensate losses caused by certain ill-operated banks.

Principle of Not Using Public Funds Recommendable

Are there any better ways than closedown and liquidation in dealing with the BCC incident? We cannot rule

out possibilities. For example, the Hong Kong Government can appoint special persons to supervise the operation of the bank in order to prevent abnormal fund transfers and ensure that the bank can be run in a normal way. In case of panic withdrawal, the Exchange Fund can provide temporary aid to the bank. However, there is a major prerequisite for such an arrangement, that is, the operation of the bank must prove perfectly sound. Such might be the intention of the Hong Kong Government when the incident first occurred. Being more practical, however, now that the sister companies of the BCC are involved in fraud and all their top hierarchy work in collusion, it is therefore impossible to make a final evaluation of the bank's accounts only through routine examinations. Furthermore, although the bank in Hong Kong is registered and operated independently, and its accounts need not be linked with the losses of its sister companies, the collection of credit loans to the latter has already become a major headache.

The Hong Kong Government has been rather helpless in dealing with this incident. The depositors will remain unsatisfied with the government for their losses unless the government uses public funds again. The Hong Kong Government's move not to use public funds has automatically broken the common practice of saving all banks without exception. From a long-term view, this policy has a positive significance. Now that the Hong Kong Government has landed in a passive position, what it can do now is explain the situation and clarify its policy to depositors and the public, with an aim to gain understanding and ease dissatisfaction. It is a pity, however, the Hong Kong Government has run counter to what it should do by repeatedly giving incorrect guidances, thus giving rise to stronger dissatisfaction and even mistrust.

Asking for Trouble by Giving Reassure Which Did Not Tally With Actual Situation

The first mistake the Hong Kong Government made was to rashly issue a notice to reassure the public but fail to immediately order the bank to stop its business. The second mistake was that when facing the actual situation in which buyers were hard to find, the Hong Kong Government created on its own initiative a false impression that it was negotiating with buyers on the sales of the bank and it had the right to do so. By doing so, the Hong Kong Government undoubtedly intended to set people's mind at rest. However, this kind of reassurance which did not tally with the actual situation finally invited trouble. In addition, remarks that the government was seeking support from the bank's major shareholders and that a certain amount of the bank's assets had been brought back from overseas are not only contradictory to the previous announcements of the government, but have also added to people's doubts and misgivings. It seems that the crux of this issue is that the government made a major mistake by announcing that the bank enjoyed sound operation when the incident first occurred, and then it dared not correct this mistake at a later stage, thus ending in straitened circumstances.

Before the government could provide enough financial information about the bank, its announcement to liquidate the bank and give back to depositors one quarter of their deposits as a special consideration was the cause of panic among depositors.

\$55 Million Raised for Mainland Flood Victims

OW2207000791 Beijing XINHUA in English
2349 GMT 21 Jul 91

[Text] Hong Kong, July 22 (XINHUA)—People from different walks of life in Hong Kong continue to make contributions to the flood victims on the Chinese Mainland, and a charity show by a local TV station, ATV, put the locally-collected relief fund up to more than 430 million H.K. dollars (55.12 million U.S. dollars).

Held and transmitted live Saturday night, the 3.5-hour charity show, "Giving Your Loving Heart to Flood Victims in East China," collected a total of 27 million H.K. dollars (3.46 million U.S. dollars). To receive public donations and contributions, the TV station set up 60 hot telephone lines.

In addition, the Hong Kong radio also broadcast the charity show to encourage more people to contribute.

The XINHUA NEWS AGENCY Hong Kong Branch Saturday received another five million H.K. dollars (641,000 U.S. dollars), bringing the total amount of contributions by the Hong Kong people it has received to 210 million H.K. dollars (26.9 million U.S. dollars).

Various forms of activities such as charity passenger carrying, charity sale and charity performance are going on here. It is said that such activities will continue for days to come.

The Red Cross in Hong Kong has decided to airlift on July 23 its first batch of relief materials like water purifying equipment, medicine and grain to Nanjing, capital of east China's Jiangsu Province, with assistance by the Cathay Pacific, a local airways, according to today's "WEN WEI PO," a local newspaper.

The paper said that it received another 721,000 H.K. dollars (more than 92,000 U.S. dollars) Saturday, bringing the total amount of local contributions it has received up to some 27.3 million H.K. dollars (3.5 million U.S. dollars).

By Saturday morning, Hong Kong's Red Cross had collected more than 34 million H.K. dollars (4.36 million U.S. dollars) of relief fund, and a total of 13.5 million H.K. dollars has been remitted to China's Red Cross Society.

It has also asked local manufacturers to contribute medicine, rice, food, drinks, garments, blankets, water-proof materials, and passenger and goods vehicles to the flood-stricken areas.

Li Peng Praises Hong Kong, Macao Flood Relief

HK1907144491 Beijing ZHONGGUO XINWEN SHE
in Chinese 1308 gmt 19 jul 91

[Report by reporter Guo Weifeng (6753 0251 1496): "Li Peng Said Party Central Committee and State Council Highly Appraise Patriotic Enthusiasm Displayed by Hong Kong and Macao Compatriots"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 19 July (ZHONGGUO XINWEN SHE)—State Council Premier Li Peng said here today that since flood and waterlogging disasters hit the hinterland, the Hong Kong and Macao compatriots had shown great concern, sent numerous telegrams and letters inquiring about the disaster situation, and actively donated money to support the disaster areas in various forms, thus fully displaying their patriotism. The party Central Committee and the State Council highly appraise such patriotic enthusiasm displayed by the Hong Kong and Macao compatriots.

Li Peng made these remarks when meeting a Jilin-bound inspection delegation of Chinese People's Political Consultative Conference [CPPCC] National Committee members based in the Hong Kong and Macao regions in the Great Hall of the People this afternoon. Li Peng hoped that the inspection delegation would pass on his thanks to the Hong Kong and Macao compatriots after returning home.

Li Peng briefed his guests on the disasters sustained by the hinterland. He said: Since the summer, Anhui, Jiangsu, and some other regions have suffered serious floods. Although the disaster has only devastated some parts of those regions, it has caused grave losses.

Li Peng held that under the leadership of the Party and the people's government, with the support of the people of the whole country, and with the help of the Hong Kong and Macao compatriots as well as the international community, the people in the disaster areas will certainly be able to overcome the losses caused by such natural disasters as floods and waterlogging and rebuild their hometowns.

Li Peng added: China is a member of the 10-Year International Disaster Reduction Committee. When disasters hit other countries, China provides aid. It is for this reason that the Chinese Government has publicized the disaster situation to the world in the hope of obtaining aid from the international community.

Zhuang Shiping, leader of the inspection delegation and CPPCC National Committee Standing Committee member, briefed Li Peng on how the Hong Kong and Macao compatriots had shown concern for the disaster situation and actively donated money to the relief efforts. He said: The patriotic enthusiasm of the Hong Kong and Macao compatriots has been fully demonstrated in the disaster relief activities.

State Council Vice Premier Wu Xueqian, State Council Secretary General Luo Gan, CPPCC National Committee Secretary General Song Demin, and State Council's Hong Kong and Macao Affairs Office Director Lu Ping were present during the meeting.

Jiangsu Hinders Activities of Hong Kong Reporters

HK1807020591 Hong Kong MING PAO in Chinese
16 Jul 91 p 2

["Special dispatch" by Huang Han-chun (7806 3352 6511): "Jiangsu Provincial Government Forbids Unauthorized Reception of Hong Kong, Macao Reporters in Nanjing"]

[Text] Nanjing—Floods in east China have evoked widespread concern in Hong Kong, where donations for relief purposes are increasing. To provide the citizens with prompt information on the flooding, Hong Kong press circles have sent reporters to flood-stricken areas on the mainland. Incomplete statistics show that about 10 Hong Kong press units have sent some 20 reporters to Nanjing in an attempt to carry out another large-scale press coverage since the 4 June incident.

But reporters have complained that their current interviews are not facilitated because the relevant department of the local government is standing in their way.

On 11 July the Beijing flood control authorities held a news conference to brief reporters on flooding in east China. Many foreign, Hong Kong, and Macao reporters in Beijing then demanded approval to carry out interviews in flood-stricken areas, but the authorities turned down their demand. However, many Hong Kong and Macao reporters went to east China regardless of the authorities' prohibition. Informed sources here disclosed that the Jiangsu Provincial Government had instructed all departments in Nanjing not to provide unauthorized reception to Hong Kong and Macao reporters, to say nothing of making arrangements for these reporters' visits to flood-stricken areas.

This order has reportedly been disseminated to all hotels. Even taxi drivers in the city know that highways leading to flood-stricken areas will be blocked to prevent reporters from going.

Yesterday this reporter was also obstructed from going. Yesterday morning, when this reporter wished to call a taxi to go to a village on Nanjing's outskirts, one of the hotel's attendants asked him to produce an interview certificate issued by the provincial government. Because the relevant department of the provincial government refused to arrange an interview for this reporter, he could not obtain an interview certificate. The hotel's attendants did not allow any taxi drivers to take this reporter out. Subsequently, he got into an individually-operated taxi, which took him to the outskirts. But the taxi had to turn back halfway because of landslides on the highway.

Many reporters do not understand why the authorities refuse to arrange interviews on flood-stricken areas for

them. Since the devastation of the floods is known to all and the authorities have called on the world for relief aid, reporters should report on the actual situation to get more assistance and concern from abroad. This is useful. What are they afraid of?

According to the latest news, the Jiangsu Provincial Government received a circular from the State Council's Hong Kong and Macao Affairs Office instructing the province to allow Hong Kong and Macao reporters to go to flood-stricken areas. These reporters will possibly be allowed to go to flood-stricken areas today. This is good news, after all. Hopefully, interviews arranged by the authorities will provide our readers with firsthand information on the situation in flood-stricken areas.

Macao

Zhuhai Mayor Visits, Meets Governor

HK2007073791 Hong Kong HONGKONG STANDARD in English 20 Jul 91 p 6

[Text] Macao: Zhuhai's Mayor Liang Guangda arrived here yesterday morning for a two-day official visit to the enclave, at the invitation of Governor General Vasco Rocha Vieira.

In the afternoon Liang met the governor at the Praia Grande Government Palace. The meeting lasted about an hour.

The Zhuhai Mayor, who is also president of the administrative council of Zhuhai Special Economic Zone neighbouring Macao, said later the talks had centred on "bilateral relations and co-operation in the areas of tourism, security, sports, and development".

Mr Liang refrained from going into any details, merely saying the meeting had taken place in a "climate of friendship, loyalty, frankness, and openness".

He forecast deeper co-operation between the two territories.

Mr Liang said no protocol on any of the areas discussed would be signed, but more negotiations would be held on the matters.

Visit Eases Relations

HK2207044091 Hong Kong HONGKONG STANDARD in English 22 Jul 91 p 4

[By Harald Bruning in Macao]

[Text] The visit of Zhuhai mayor Liang Guangda to Macao has helped ease relations between the neighbouring regions which have been strained for many years.

As he left yesterday after a three-day official visit, Mr Liang told the local press he was "very satisfied" and "thankful" to Governor Vasco Rocha Vieira for having invited him.

Members of Mr Liang's entourage told the press before returning to Zhuhai they were particularly happy about the high-ranking treatment they had received by the Macao government during the visit.

Analysts said the official visit, at the invitation of the Macao governor, had led to the easing of relations between the neighbouring territories which were badly strained in the mid-1980s when both sides were competing for Beijing's blessing for rival airport projects.

The prize went to Macao which started airport construction in September 1989.

Until this spring the administrations of former Governor Carlos Melancia and acting Governor Francisco Nabo repeatedly complained about what they believed were obstacles put up by Zhuhai against the building of the Macao airport, including allegations of insufficient sand supply from Zhuhai for the project. The new administration of General Vasco Rocha Vieira, who took up the governorship in May, is endeavouring to build a relationship of close co-operation in all fields of mutual interest with Zhuhai which surrounds the enclave and provides Macao with a large part of its foodstuffs, water, building materials, and even investments in real estate and trading.

Zhuhai officials who accompanied their mayor on the Macao tour were visibly delighted at the way Mr Liang was treated by the governor and his administration.

Some said they were well aware of the fact that the Macao governor has the rank of a Portuguese cabinet minister, while Mr Liang, as a city mayor and head of one of China's four special economic zones, has a somewhat lower status in the Chinese state hierarchy.

Mr Liang, 56, left the enclave yesterday through the "Portas do Cerco" (Barrier Gate) land crossing.

The Zhuhai mayor, who is also chairman of the administrative council of Zhuhai Special Economic Zone, proudly mentioned to reporters that he had met three times with the Macao governor during his visit, and also with many leading government officials.

Mr Liang said he had invited Governor Vieira to visit Zhuhai "at an appropriate time".

The Zhuhai officials said the visit had contributed to "strengthen our good neighbourly relations and intensify bilateral co-operation in the fields of economic development, tourism, culture, and security".

On Saturday, Mr Liang visited the Urban Council (Leal Senado) of Macao City and the Islands Council of Taipa and Coloane.

He met Macao City's vice-mayor Henrique Nolasco and Fernando Rosa Duque, mayor of Taipa and Coloane islands.

He also visited the construction site of the second Macao-Taipa Bridge that as of 1994 will link the Macao International Airport directly with Zhuhai, making the airport a mere 15-minute drive from the Zhuhai customs checkpoint in Gong Bei.

XINHUA report

OW2207000891 Beijing XINHUA in English
2350 GMT 21 Jul 91

[Text] Macao, July 22 (XINHUA)—The mayor of Zhuhai City in Guangdong Province, Liang Guangda, just completed his two-day visit to Macao at the invitation of Macao Governor Vasco Joaquim Rocha Vieira and left here for home Sunday.

Zhuhai, a close neighbor of Macao, is one of China's five special economic zones.

During his visit, Liang met the governor and local government secretaries.

At a reception given by the governor last night, Vasco Joaquim Rocha Vieira said Macao and Zhuhai shared many common grounds.

After sincere consultation, the two sides achieved similar views on many matters concerning culture, tourism, economy, public security, communications and transport.

Cooperation between Macao and Zhuhai would benefit the people living in the two places, the governor said.

Liang said that he had met the governor on three occasions. On many issues, common understanding was achieved.

Macao has developed continuously in the past years. Its society is stable, and people's living standard has improved. On these aspects, Zhuhai could learn experience from it, he said.

Liang expressed the hope that his city's cooperation with Macao would be further strengthened, believing that the prospect of such cooperation would be encouraging.

Lu Ping Voices Support for Airport Project

HK1107021591 Hong Kong HONGKONG STANDARD
in English 11 Jul 91 p 12

[Text] Hong Kong and Macao Affairs Office director Lu Ping softened his stance on the Macao airport project yesterday.

He said China continued to support the Macao airport project because Beijing deemed the \$6.5 billion undertaking "beneficial to the development" of the enclave.

Lu Ping told LUSA, the Portuguese news agency, that "Macao must have its own airport", adding the airport would be "its door to the outside".

Speaking during a Macao Basic Law Drafting Committee plenary meeting in the Chinese capital he said: "It

is not good for the development of Macao that the territory would depend on Hong Kong in terms of international links."

However, Mr Lu made it clear the Macao government's task was to arrange the financing of the airport project "for the Chinese government it is difficult to supply funds or a guarantee for the project".

Earlier this week, Mr Lu, well-known for his frank remarks on Macao matters, sent shock waves through the enclave's government when he told Macao reporters in Beijing that China would not give any financial support to the airport project.

Draft Basic Law Another Reunification 'Milestone'

HK1807053891 Beijing CHINA DAILY in English
18 Jul 91 p 4

[By Tang Hongkai]

[Text] On the heels of the completion of the Basic Law of Hong Kong, law-makers are laying another mile-stone for China's reunification.

A preliminary version of the Basic Law of the Macao Special Administrative Region was released by the law's drafting committee on July 14 to solicit public comments.

Macao, a small enclave at the southern tip of Pearl River Delta, was first occupied by the Portuguese in the mid 1500s. In 1888 the Portuguese Government forced a trade agreement upon the rulers of China's Qing Dynasty (1644-1911), which stipulated that the area would be "permanently" leased to Portugal.

In 1928, the Chinese government declared that the pact was no longer valid. And when China and Portugal established diplomatic relations in 1979, the two sides agreed that "Macao is a piece of Chinese territory under Portuguese administration."

According to the Sino-Portuguese joint declaration made on April 13, 1987, China will recover its sovereignty over Macao on December 20, 1999.

A major worry of Macao residents has been whether the mainland government will impose drastic policy changes on the territory, which has been less influential than its neighbour Hong Kong.

"While the future Macao Special Administrative Region and the Hong Kong Special Administrative Region will enjoy more or less the same autonomy in handling their own affairs, Macao can even look to greater flexibility in formulating a new system," said Xu Chongde, a senior mainland expert on law and political science and a member of the drafting committee which began work on the new law in October 1988.

"Since we have the Basic Law of Hong Kong as a precedent which stipulates in detail how two different

social, political and economic systems co-exist harmoniously in the same country, our work has been proceeding smoothly," said the People's University professor of the drafting of the Macao Basic Law in a recent interview with China Daily.

A special administrative region is to be established in Macao under the direct leadership of the Central Government after 1999. Socialist policies will not be implanted in the region, and there are no plans to change the existing capitalist system or the lifestyle in Macao in the first 50 years after its return to the mainland.

These articles correspond with stipulations in the preamble of the Hong Kong Basic Law.

Macao will be given a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication.

"A court of final jurisdiction will be set up in 1999," Xu said.

Like the Hong Kong Basic Law, the draft law affirms Macao's independent fiscal and tax status. The region shall maintain its status as a free port after 1999 and no tariffs will be imposed unless otherwise prescribed by law.

"The Basic Law of Macao has followed the tracks of that of Hong Kong, and both have been promulgated under the principle of 'one country, two systems'," Xu said, "but conspicuous distinctions can be found between the two pieces of legislation."

A major difference, according to Xu, lies in the qualifications of local legislative, executive and judicial officials.

According to the Basic Law of Hong Kong, only Chinese citizens who have no right of abode in a foreign country can be elected the region's Chief Executive, the President of the Legislative Council, members of the Executive Council and the Legislative Council, or take other principal posts.

In Macao, the right of abode in foreign countries will not prevent anyone from being elected to the above-mentioned posts, though the elected Chief Executive of Macao will have to give up the right during his or her tenure.

As indicated by Professor Xu, this flexibility resulted from the co-operative attitude of the Portuguese and Macao authorities.

Unlike the Hong Kong Basic Law which aims to establish general elections to determine the local Chief Executive and legislators, the Macao law, prescribing in its appendixes a transitional method of forming local organizations, does not set any definite model for local elections.

The mainland authorities do not intend to force Macao to change its existing legislative organization, according to Xu, which consists of both elected and appointed members.

"It will be warmly welcomed if Macao follows the example of Hong Kong by adopting general elections in the future, although it is not obliged to do so," Xu said.

After 1999, the Chief Executive of Macao will be elected by a 300-member election committee and then appointed by the Central Government. The first local government and Legislative Council will be organized by a Preparatory Committee set up by the National People's Congress, the mainland's highest legislative body.

The mainland authorities will strive to preserve stability especially during the first 10 years of the special administrative region.

"The transitional steps will be taken carefully so as to avoid disorder," Xu said.

The Central Government will be responsible for the defence of Macao, and the local government shall maintain public order after 1999.

However, while China's mainland military forces will take the place of their British counterparts in Hong Kong after 1997, the Central Government will not station troops in Macao after 1999.

"This is largely due to Macao's special geographical location," according to Professor Xu.

Unlike Hong Kong which is on the country's coastal front, Macao is almost encircled by Zhuhai. The Zhuhai military forces are able to provide reliable defence if required, he explained.

Moreover, he said, the Portuguese government has no military forces in Macao.

The Macao Basic Law has shown special concern for the well-being of the native Portuguese residents in Macao. Article 42 of the law promises them special protection and respect for their customs and cultural traditions.

The current version of the law has proved a welcome start in the handling of Macao affairs as it represents the interests of the Macao people while maintaining the principle of state sovereignty, he said.

Relief Fund Set Up for Mainland Flood Victims

*OW1507170191 Beijing XINHUA in English
1508 GMT 15 Jul 91*

[Text] Macao, July 15 (XINHUA)—The Macao Government and people from all walks of life have collected over 10 million H.K. dollars (1.28 million U.S. dollars) to support the mainland flood victims.

About 2 million Macao dollars in donations came from the Macao Government.

The XINHUA News Agency Macao Branch today sent a telegram to the Central Committee of the Chinese Communist Party and the State Council to express sympathy and solicitude for the flood-stricken people in eastern and central China.

Meanwhile, it has donated 300,000 Macao dollars in the name of the whole staff members of the branch.

Following the Chinese Government's urgent appeal for international aid for flood-hit areas, the Federation of the Trade Unions of Macao took the lead in mobilizing workers from all trades to raise money.

Its call was warmly responded by organizations and institutions as well as individuals.

More than 40 Chinese-invested enterprises in Macao have contributed a total of 3.1 million Macao dollars.

Some of organizations and newspapers have opened accounts in local banks, receiving donations.

Various kinds of activities for money raising such as charity sale and performance have also been held in Macao.

XINHUA Chief Hails Donations

OW2007015291 Beijing XINHUA in English
0027 GMT 20 Jul 91

[Text] Macao, July 20 (XINHUA)—Guo Dongpo, director of the Macao branch of the XINHUA NEWS AGENCY, today praised the Macao people for their zeal to donate cash for flood victims on the Chinese mainland.

In his talks with a XINHUA correspondent, Guo extended his sincere thanks to the Macao compatriots on behalf of the flood-stricken people, and also to the local government for its two million patakas aid.

Up to now, he said, people from all walks of life here have donated more than 27 million H.K. dollars (3.46 million U.S. dollars).

He noted that a campaign to help the flood-hit areas overcome difficulties is being held here continuously.

The XINHUA NEWS AGENCY Macao branch has set up a relief fund office to handle matters related to passing donation funds on to the disaster areas on the Chinese mainland, Guo said.

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